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# POST COVID-19 CRISIS AND ITS IMPACT ON POVERTY AND DESTITUTION IN STOKE-ON-TRENT

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## EXECUTIVE SUMMARY

- Before the COVID-19 crisis, Stoke-on-Trent was the 14th most deprived district in England (out of 317 districts) and possessed one of the highest rates of people on low pay and skills. Child poverty rates (% of children below 60% median income after housing costs) have been on the increase at alarming rates and, according to government data, two out of the three Stoke-on-Trent Parliamentary Constituencies (North and Central) record rates of over 40%.
- Whilst there are a number of growth initiatives to develop and attract investment into the city, there are questions relating to the distributional impact of these and the extent to which disadvantaged groups will benefit.
- We are in a perverse situation where inward investments are undermined by austerity with millions of pounds being sucked out of the economy via cuts to benefits and public services. This negatively impacts on future growth because it reduces the capacity for local government, health and voluntary services to contribute to economic and social regeneration.
- Stoke-on-Trent is in the top 6 local authorities in terms of spending cuts (proportion to total spend: between 2010/11 and 2017/18) the council reduced its spending power in cash terms by £193 million. Local authority savings for 2021-22 will involve a reduction of £14.4 million. The 2015-20 cash freeze on working-age benefits (means-tested), and the 1% cap on uprating between 2012 and 2015, have eroded benefit levels to such an extent that many are at or below the destitution threshold before any deductions are made to their income.
- It has taken a pandemic to bring the unacceptably low benefit rates into the public conversation. They are around 30% of the average weekly wage based on a minimum wage (£8.72 an hour for over 25s) for a 40-hour week. The basic level of out-of-work support prior to the March 2020 boost was £73 a week (£3,800 a year), less than half the absolute poverty line.
- We compared current benefit rates with recommended minimum income standards (MIS). For example, a single person on Employment and Support Allowance (ESA) receives £74.35 per week, minimum recommended rate at £320 per week. A couple with 2 children on Universal Credit will receive £1112 per month, including £20 uplift, with the minimum recommended rate at £806.17 a week and around £3,200 per month.
- Rising unemployment and low paid work are the main causes of increasing poverty and destitution. Across Stoke-on-Trent there are 50,228 persons of working age in receipt of one or more DWP benefits (plus Housing Benefit) – this was an increase of 33.1% (12,495 persons) compared with November 2019. This equates to an increase from 23.6% to 31.4% of the Working Age population.
- Stoke-on-Trent is 11th out of the top 20 local authorities for incidence of destitution. Destitution denotes the circumstances facing people who cannot afford to buy the absolute essentials that we all need to eat, stay warm and dry, and keep clean. Stoke-on-Trent already ranks as the 12th highest local authority in terms of proportion of children under 16 in relative low-income families.

- According to the North Staffordshire Financial Inclusion Group, over 90,000 people in Stoke-on-Trent and Newcastle-under-Lyme are struggling to pay their bills, keep up with their loan payments, and access the benefits they need or borrow money at an affordable rate. In 2016 the Money Advice Service ranked Stoke-on-Trent as the 12th most over indebted local authority area in the UK and 2nd in the West Midlands.
- A shocking and disturbing trend in one of the world's wealthiest countries is the extent to which thousands of people are reliant on food aid. Without food aid thousands of families and children are vulnerable to starvation and malnutrition. Foodbanks in Stoke-on-Trent are now overwhelmed, offering food aid to over 14,000 people last year alone (2020). Alice Charity's Foodbank, (which also covers Newcastle-under-Lyme), reported a 500% increase in food aid between 2018 and 2021 **and provided more aid in the first two months in 2021 than in the whole of 2018.**
- The Government COVID-19 Rescue packages have been important for mitigating the impact of the crisis. In Stoke-on-Trent, 12,200 were furloughed on the Job Retention Scheme (JRS) and 6,600 are on the Self-Employment Income Support Scheme (SEISS).
- We also need to take account of those who do not qualify for the scheme. Collectively, this represents a substantial reduction in individual and household income, as well as vulnerability to redundancy.
- The COVID-19 crisis is hitting the lowest paid, women, part-time workers and young people (particularly apprentices) the hardest. These groups are more likely to work in sectors that have shut down or have reduced activity, such as hospitality and non-essential retail. These groups are also less likely to be able to work from home.
- The COVID-19 crisis is already exacerbating existing entrenched health inequalities in Stoke-on-Trent with higher rates of deaths and infections per 100,000 population. In addition to the other health impacts of the Government lockdown (especially mental health and delays in NHS treatment of other conditions) we anticipate that increased poverty will bring about poorer health conditions.
- We anticipate that the impact of COVID-19 will have serious implications for health and demand on health services in Stoke-on-Trent in the foreseeable future partly due to the rising levels of poverty and deprivation.
- There has been a surge in demand on the advice services as reported by Citizens Advice North Staffordshire and Stoke-on-Trent mainly around issues of social security and debt reflecting the increasing numbers claiming Universal Credit, along with associated problems of making a claim (benefit delays, digitisation etc.).

## RECOMMENDATIONS

- Attracting inward investment and jobs around strategies for improving infrastructures and connectivity is vitally important, but there is little evidence that these growth strategies alone engage or benefit disadvantaged groups. The report recommends comprehensive action for Stoke-on-Trent to address poverty and support people into employment. This includes:
  1. Rights to a safety net and benefit through benefit take up campaigns involving community groups, advice organisations and foodbanks.
  2. Inclusive Growth and poverty reduction drawing on methodologies adopted by the University of Manchester Inclusive Growth Analysis Unit.
  3. Promoting fair pay and employment rights via Fair Pay Plans as a way of addressing low pay and insecure work (modelled around initiatives undertaken in Greater Manchester).
  4. Developing a Job and Skills Guarantee Scheme for claimants and workers modelled around the Scandinavian Job Rotation (JR) initiative. JR is an integrated and inclusive labour market policy for increasing the numbers of jobs available and the quality of work. JR is a form of job matching and a short-term job guarantee – it prepares people for the labour market by guaranteeing placements for unemployed individuals and also guarantees employment and skills training for employees in the partner employer organisation. An essential ingredient of the JR model is the role of social dialogue and the bringing together of relevant labour market partners, including trade unions and worker representatives.
  5. JR could be implemented through the packaging of existing initiatives such as the Apprenticeship Levy (and involve the Staffordshire 500 Apprenticeship Wage Support Programme), incorporate Stoke-on-Trent and Staffordshire Enterprise Partnership matching-funding, and link with the Government's Kickstart Scheme. Building up this case, which is increasingly relevant to the government's 'levelling up' agenda and concerns with 'community renewal', has been supported by The Employment Related Services Association (ERSA).

## INTRODUCTION AND METHODOLOGY

In May 2020, a report<sup>1</sup> was produced by Professor David Etherington (Staffordshire Business School, Staffordshire University), for the Hardship Commission (HC), following an earlier study carried out<sup>2</sup> with the aim of making an assessment of the impact of the COVID-19 crisis on Stoke-on-Trent. The key reason for the report was to highlight two key issues – first that before the COVID-19 crisis Stoke-on-Trent displayed the features of an economy and labour market, which was causing comparatively high rates of poverty. The level of Child Poverty was 34.1% (equivalent to 21,652 children), the second highest in the West Midlands after Birmingham (35.6%) and the 8th highest nationally.<sup>3</sup>

The purpose of this report, 10 months on from the previous study, is to update the information and evidence base in relation to the way the COVID-19 crisis is now affecting Stoke-on-Trent's residents with respect to further poverty and destitution. We have accessed three important sources of data.

- First, to provide both context and points of comparison, an assessment of national trends drawing on research undertaken by a number of interested bodies such as the Joseph Rowntree Foundation, Resolution Foundation, Child Poverty Action Group, Institute of Employment Rights, and TUC.
- Second, a study<sup>4</sup> produced by Professors Christina Beatty and Steven Fothergill of Sheffield Hallam University, which focuses on the impact of Covid on older industrial areas (including the Midlands). This reveals a clear picture of the economy and patterns of poverty and social inequality, which we supplement with Office of National Statistics (ONS) statistics.
- A third and unique data set is being provided by the Citizens Advice Staffordshire North and Stoke-on-Trent. By analysing data on enquiries and advice and support, we capture the experiences of residents in more detail. Using individual case studies enables us to find out what and how people are experiencing poverty and how broader changes are impacting on their lives. This report draws only on case studies from Stoke-on-Trent and not Newcastle-under-Lyme.
- Finally, we have been able to access detailed data from a Stoke-on-Trent Foodbank, which has enabled us to analyse in more detail various aspects of destitution.

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1. Etherington D (2020) *A disappearing safety net: post COVID-19 crisis and its impact on poverty and disadvantage in Stoke on Trent*, Report to Stoke-on-Trent Hardship Commission <https://eprints.staffs.ac.uk/6403/>

2. [https://www.stoke.gov.uk/downloads/file/6/hardship\\_commission\\_report](https://www.stoke.gov.uk/downloads/file/6/hardship_commission_report)

3. City of Stoke-on-Trent (2019) *Poverty Debt and Insolvency*, Stoke-on-Trent City Council

4. Beatty C and Fothergill S (2021) *The impact of the coronavirus crisis on older industrial Britain*, Sheffield, Sheffield Hallam University

## DRIVERS OF POVERTY AND DESTITUTION

As this study is focused on the impact of COVID-19 on poverty and destitution, it is important that we identify here what we consider are the key drivers of poverty. In this respect, we highlight three main causes.

- Lockdowns' temporary closures of businesses and redundancies with Government rescue packages have halted a spiralling decline but failed to deal with reduction in incomes as a result of furlough and increasing unemployment.
- Low wages and family income with more than half (56%) of people in poverty are now in a working family in the UK. This change has been particularly dramatic for children, with seven in ten - 70% in ten children in poverty now in a family where at least one person is working.<sup>5</sup> 17% of employees in Britain are low paid by this definition and 20% of workers in Stoke-on-Trent are paid below the living wage.<sup>6</sup>
- Austerity impacts with the reduction in the social safety net over the past few years as a result of welfare and benefit cuts. The COVID-19 crisis is exposing its weakness and inadequacy.

## THE COVID-19 CRISIS AND ROLE OF GOVERNMENT RESCUE PACKAGES

### Challenge of the low pay/skills economy

Beatty and Fothergill's recent study on the impact of COVID-19 on the older industrial areas<sup>7</sup> reveals that although jobs growth has occurred in the older industrial areas, this has tended to be low paid and insecure. Older industrial towns before the pandemic did not grow at the same rate following the 2008 crisis as other areas, a point which is also emphasised Etherington's previous report to the Hardship Commission. The low pay/low skills cycle has not been fully addressed over the past 20 years (See Tables 1 and 2).

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5. JRF (2020) *UK Poverty 2019/2020*, York, Joseph Rowntree Foundation

6. Corlett A (2016) *Paved with Gold? Low pay and the National Living Wage in Britain's Cities*, Resolution Foundation <http://www.resolutionfoundation.org/publications/paved-with-gold-low-pay-and-the-nationalliving-wage-in-britains-cities/>

7. Beatty C and Fothergill S (2021) *The impact of the coronavirus crisis on older industrial Britain*, Sheffield, Sheffield Hallam University

**TABLE 1. RESIDENT AND WORKPLACE EARNINGS**

	Resident earnings	Workplace earnings
Stafford	30,722	28,557
Staffordshire	29,281	27,200
Newcastle-under-Lyme	26,620	24,270
Stoke-on-Trent	25,424	26,615
West Midlands	28,262	28,536
England	30,661	30,667

Source: Stoke-on-Trent and Staffordshire Enterprise Partnership  
<https://www.stokestaffslep.org.uk/sap-priority-sector-and-cross-cutting-themes-report/>

An updated picture of this in Stoke-on-Trent is shown in Table 1 above, where both resident and workplace earnings are well below the regional and national average. Just over 20% of those in employment in Stoke-on-Trent are paid below the living wage<sup>8</sup> but significant numbers of people are in casualised jobs (zero-hour contracts, temporary employment, part-time work). Estimating these is difficult, but the fact that there has been an upward trend in these jobs will help to explain why in-work poverty has been on the increase.

As Table 2 below also shows, a considerable amount of investment and effort is required to address the skills gaps in the economy.

**TABLE 2. SKILLS LEVELS IN STOKE-ON-TRENT**

	Stoke-on-Trent	Staffordshire	National
No qualification	12.6%	5.7%	7.5%
NVQ Level 3 plus	46.1%	57.3%	58.5%
NVQ Level 4 plus	25.8%	38.4%	40.0%

Source: Stoke-on-Trent and Staffordshire Enterprise Partnership  
<https://www.stokestaffslep.org.uk/sap-priority-sector-and-cross-cutting-themes-report/>

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8. City of Stoke-on-Trent Employment and Skills Strategy November 2019, p22

## HEALTH, WORK AND POVERTY

Health inequalities, already prevalent and a cause of concern, have been heightened due to the COVID-19 pandemic within the older industrial areas. Given the fact that there are higher rates of people claiming sickness benefits in Stoke-on-Trent, then the relationship between health, employment and income poverty is an important dimension of poverty and exclusion. A paper in the British Medical Journal (BMJ) has highlighted that even before COVID-19, extremely disturbing trends in health were emerging in England. Growing child poverty, homelessness, and food poverty led to an unprecedented rise in infant mortality, mental health problems, and stalling life expectancy, especially for women in the poorest areas and cities.<sup>9</sup> Data published by Public Health England<sup>10</sup> shows that on many indicators, Stoke-on-Trent residents experience poorer health than the regional and national average.

Despite the surge in southern England triggered by the new variant of the virus, at the beginning of 2021 the cumulative total of confirmed infections per 100,000 residents in older industrial Britain remained 10-20% above the national average and 30-50% higher than the rate in South East England.<sup>11</sup> The limited opportunity for working from home is almost certainly a key reason why infections in older industrial Britain have been above average. Working from home reduces contact with others and thereby limits transmission of the virus. ONS survey data from the first national lockdown, for example, shows that infection rates were up to three times higher among those who worked outside the home than among those working some or all the time at home<sup>12</sup> (see Tables 3 and 4).

**TABLE 3. INFECTION AND DEATH RATES PER 100,000 IN STOKE-ON TRENT**

	Infection rate per 100,000	Death rate per 100,000	Estimate share % of employment working from home
Birmingham	5130	142	39
Wolverhampton	5200	149	35
Dudley	4820	138	39
Staffs Moorlands	3800	187	40
Newcastle-under-Lyme	5930	179	42
<b>Stoke-on-Trent</b>	5220	182	32
South East of England	3430	92	45
UK	4060	113	42

Source: Beatty and Fothergill (2021) adapted from Tables 1-3, pp 24, 26, 30.

9. BMJ Editorial, Poverty Health and COVID-19 <https://www.bmj.com/content/372/bmj.n376>

10. <https://fingertips.phe.org.uk/static-reports/health-profiles/2019/e06000021.html?area-name=stoke-on-trent>

11. <https://www.independent.co.uk/news/health/covid-cases-north-south-lockdown-b1824083.html>

12. Beatty and Fothergill (2021) The impact of the coronavirus crisis on older industrial Britain, Sheffield, Sheffield Hallam University



businesses and workers to temporarily pay 80% of wages, up to a ceiling of £2,500 a month. The scheme has been extended until the end of September 2021, but with employers paying National Insurance and pension contributions. There were 12,200 JRS claims with an additional 10,400 claims under the Self Employment Income Support Schemes (SEISS) in Stoke-on-Trent as of December 2020.<sup>13</sup>

**TABLE 4. JOBS FURLOUGHED UP UNTIL JUNE AND SECOND WAVE IN OCTOBER**

	% jobs furloughed of eligible employment June 2020	% jobs furloughed of eligible employment Jan 2021
Birmingham	35	9
Wolverhampton	35	7
Dudley	35	7
Staffs Moorlands	32	6
Newcastle-under-Lyme	35	7
<b>Stoke-on-Trent</b>	34	6
South East of England	30	7
UK	32	8

Source: Beatty and Fothergill (2021) from Table 4, p36

The number of jobs eligible for furlough schemes in Stoke-on-Trent is 112,200 of which 12,200 were on furlough emphasising the potential impact of discontinuing the scheme where many workers are likely to be out of work.<sup>14</sup> Workers furloughed receive a maximum of 80% of their wage and this will mean that there will be a drop in income, which is significant for those on low wages.

The schemes have, therefore, been crucial to provide a cushion and mitigate the impact of job loss and increasing unemployment. Not everybody qualifies for support. A number of organisations (TUC, Resolution Foundation, Institute of Employment Rights, Excluded UK) have highlighted the fact that there are considerable gaps in the safety net. Excluded UK have identified as many as 3 million people who cannot access any help from the schemes with many forced to apply for Universal Credit.<sup>15</sup>

13. Staffordshire County Council / Stoke-on-Trent and Staffordshire LEP (2021) Economic Bulletin, <https://www.staffordshire.gov.uk/Business/Coronavirus-COVID-19-support-for-businesses/Economic-recovery-and-renewal/Documents/Economic-Bulletin-Issue-7-January-2021-v1.1.pdf>

14. Staffordshire and Stoke-on-Trent Economic Bulletin January 2021, p21

15. Excluded UK (2020) Challenges and impacts of exclusions from UK Government COVID-19 financial support schemes [https://www.excludeduk.org/hubfs/ExcludedUK\\_Challenges%20and%20Impacts\\_Report\\_08072020.pdf](https://www.excludeduk.org/hubfs/ExcludedUK_Challenges%20and%20Impacts_Report_08072020.pdf)

These can be summarised as follows:

- Many employers were not able to sustain 80% of the wage bill and now making up NI and pension contributions.
- Maximum payment of £2,500 is at a low level (€6,827 in France).
- People in insecure work such as zero hours contracts, fixed term contracts and agency work could miss out.
- Delays in payments could lead to businesses folding and workers applying for UC.
- There is a view that employers are using the crisis to layoff workers (see below).
- Workers with caring responsibilities may be furloughed and this will be at the discretion of the employer. Other employers may just put them on unpaid leave which will incur significant loss.
- Not all people are eligible for Statutory Sick Pay (SSP) including people who earn less than the Lower Earnings Limit of £118, and those on insecure contracts such as agency workers and zero hours contracts (totalling around 9 million workers). The level of SSP is around only 18.7% of current average weekly earnings of £512 per week (excluding bonuses).
- The Government will not abolish the five weeks wait for benefits or write off the advance loans, abolish the two-child tax credit and the benefit cap – the latter two ‘penalties’ which, from the first day of implementation, have had a major detrimental impact on the incomes of families with children.

An additional factor that is causing low paid and poorer communities to be vulnerable to the virus, as noted above, is that many people cannot afford to self-isolate and, therefore, continue to work whilst carrying the infection. Many rely on the minimum statutory sick pay (SSP). At £95.85 a week, it is one of the lowest rates of sick pay in Europe. To make matters worse, no payments are made for the first three days. Although this waiting period has currently been suspended, it is still the case that the UK’s low level of sick pay means that during this pandemic many affected workers have been forced to choose between paying the bills and isolating at home.<sup>16</sup>

It is not possible to obtain data on people who are ill and working with COVID-19 in Stoke-on-Trent, but on the basis of national data, there is a possibility that there are relatively high numbers. There is a higher rate of COVID-19 deaths among workers in low-paid and insecure jobs according to the ONS<sup>17</sup> and a survey of workers undertaken for the TUC reports that (27%) low-income workers—those earning less than £15,000 per year—report that no action has been taken by employers to reduce the risk of coronavirus infections and over two-thirds of those on insecure contracts said no measures had been taken to prevent transmission at work.<sup>18</sup>

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16. TUC (2021) Sick pay that works, <https://www.tuc.org.uk/research-analysis/reports/sick-pay-works>

17. <https://www.tuc.org.uk/news/tuc-covid-occupational-deaths-expose-huge-inequalities-labour-market-and-need-tougher-safety>

18. <https://www.tuc.org.uk/news/many-uk-workplaces-still-not-covid-secure-tuc-poll-reveals>

## RISING UNEMPLOYMENT EXPOSING GAPS IN THE SCHEMES?

Unsurprisingly, there have been marked rises in unemployment as reflected in the rise in the numbers claiming Universal Credit. There was an increase of 117% between November 2019 and August 2020 in Stoke-on-Trent, shown in Table 5 (Universal Credit data includes those who are also in work and receiving a work allowance top-up). The Government changed the criteria for Universal Credit to allow some people on low income to claim whilst in work, and there are a proportion of claimants that will be in work and claiming Universal Credit because they are on a low income (mainly mini and part time jobs). It is not possible to estimate with any accuracy what proportion of the claimants are working.<sup>19</sup> This said, these claimants can be considered at a margin of the labour market and will be vulnerable to poverty.<sup>20</sup>

**TABLE 5. UNIVERSAL CREDIT AND LEGACY BENEFIT CLAIMS**

	Stoke-on-Trent	Staffordshire	West Midlands	England	
	Numbers	% of Working Age Popn.			
<b>November 2019</b>					
Universal Credit only	11,740	7.3%	3.8%	6.3%	5.4%
UC and 'Other' benefits	1,112	0.7%	0.4%	0.7%	0.6%
Legacy / 'Other' benefits only	24,881	15.6%	9.6%	12.1%	11.3%
<b>August 2020</b>					
Universal Credit only	23,534	14.7%	9.3%	12.3%	11.5%
UC and 'Other' benefits	3,554	2.2%	1.3%	2.2%	1.8%
Legacy / 'Other' benefits only	23,140	14.5%	9.4%	11.3%	10.5%

Source: DWP

An important aspect of this is the disproportionate impact on specific groups in the population, as highlighted by the Stoke-on-Trent and Staffordshire Enterprise Partnership:

As well as workers across sectors being impacted differently, there are also signs that it is the lowest paid, women, part-time workers and young people (particularly apprentices) that are being hardest hit. These groups are more likely to work in sectors that have shut down or reduced activity, such as hospitality and non-essential retail. They are also less likely to be able to work from home.

19. Staffordshire and Stoke-on-Trent Economic Bulletin January 2021, p4.

20. Child Poverty Action Group WORSE OFF: The impact of universal credit on families in Tower Hamlets October 2019 <https://cpag.org.uk/policy-and-campaigns/report/worse-impact-universal-credit-families-tower-hamlets>

The top 15 wards with the highest claimant count rate were all in Stoke-on-Trent with Etruria and Hanley (12.6% or 655 claimants), Joiner's Square (12.6% or 570 claimants), and Moorcroft (12.3% or 450) having the highest rates.<sup>21</sup>

The schemes have yet to address the alarming rise in youth unemployment, which is a major issue with the claimant rate for young people in Staffordshire increasing from 3.7% in March to 7.6% in December, compared to a rise from 2.3% to 4.7% for all working-age residents, while in Stoke-on-Trent the rate has risen from 5.9% in March to 10.2% in December 2020.<sup>22</sup> It is, however, estimated by Beatty and Fothergill that the real youth unemployment rate is much higher, which is also acknowledged in the Stoke-on-Trent and Staffordshire LEP Economic Bulletin:<sup>23</sup>

There is also substantial additional unemployment among young people who do not claim benefits, for example because they are looking for work but supported financially by parents or a partner or, in the case of 16 and 17 year olds, because they are normally ineligible for unemployment benefits.

According to the authors, between March 2019 and March 2020, prior to the pandemic, the Labour Force Survey recorded 485,000 unemployed aged 16-24, almost 250,000 more than the number on the claimant count. There are no up-to-date local figures, but this suggests that the real rate of unemployment among 16-24 year olds, including those omitted from the claimant count, will be substantially higher.<sup>24</sup>

The Universal Credit (UC) claimant count does not reflect, however, the real level of unemployment, which should be measured in terms of out of work benefits (see Table 5). The numbers of those out-of-work on benefits extend much further than just those counted as claimant unemployed. This is particularly where the main effect of job loss has often been to divert large numbers of working-age men and women onto incapacity benefits, in effect hiding unemployment. We can see the marked difference between health benefit claims between older industrial areas and those areas in the South and West, with more buoyant local labour demand conditions.

The disproportionate impact of benefit and local authority spending cuts has already been highlighted in the Etherington report to the Hardship Commission and has hit the older industrial areas harder leading to significant losses of income. This will inevitably have an implication for growth:

The assumption framing welfare policy is that unemployment and low pay are the fault of individuals. Claimants have let themselves become "dependent" on welfare benefits and they should choose to "do the right thing" and instead find work or increase their earnings. This is a quite different view to the one we have set out here, which is that high spending on welfare benefits is the result of economic failure. The Treasury's orthodoxy makes the mistake of taking welfare spending out of its economic context. If the Treasury had a better understanding of what has happened to the economy of older industrial Britain it might not be so keen to blame welfare spending on the workshy or feckless.<sup>25</sup>

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21. Stoke-on-Trent and Staffordshire LEP Economic Bulletin (2021) p11.

22. Stoke-on-Trent and Staffordshire LEP Economic Bulletin (2021) p13.

23. Stoke-on-Trent and Staffordshire LEP Economic Bulletin (2021) p21.

24. Beatty and Fothergill, p45.

25. Beatty C and Fothergill S (2016) Jobs, Welfare and Austerity How the destruction of industrial Britain casts a shadow over present-day public finances, <https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/cresr30th-jobs-welfare-austerity.pdf>

A number of studies such as the Institute of Employment Studies have highlighted that the low paid and people who are furloughed are also vulnerable to redundancy and deteriorating employment conditions.<sup>26</sup> A significant finding “...for many was the ongoing risk of exposure and illness. While safety had significantly improved, it was noted that this varied widely. Furthermore, low rates of Statutory Sick Pay (SSP), hours insecurity and fear of job loss could drive many to continue or take up work even if this increased their and others’ exposure to the virus”.

Table 3 (pg. 8) shows the rising numbers claiming UC and along with those on long-term unemployment/sickness benefits, around 50,000 people are out of work in Stoke-on-Trent. With no publicly available data, it is not possible to quantify the actual number of redundancies and those who are not covered by the Government schemes and who have been forced to claim UC.

It has been reported<sup>27</sup> that families on low incomes are avoiding the COVID-19 testing system because they cannot afford to isolate if they get sick, while red tape is hampering access to the Government’s £500 compensation payments. According to the Chartered Institute of Personnel and Development (CIPD), the association of HR professionals, when people on low incomes do self-isolate, they find it difficult to access the NHS Test and Trace support payment scheme. Freedom of information releases from 34 local authorities show that only a third of claims were granted.<sup>28</sup>

Citizens Advice Staffordshire North and Stoke-on-Trent (CASNS) has highlighted that one in every twenty issues (5%) referred to problems at work, many of which were COVID-19 related as people contacted them, concerned about their job security, employment rights under the Job Retention Scheme, the safety of their workplace when workplaces began to re-open (often where employees were concerned they were being forced to work in unsafe workplaces) and their rights around redundancy.

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26. Institute of Employment Studies, Laid low The impacts of the COVID-19 crisis on low-paid and insecure workers, <https://www.employmentstudies.co.uk/system/files/resources/files/The%20impacts%20of%20Covid-19%20on%20the%20low%20paid.pdf>

27. <https://www.bbc.co.uk/news/uk-55843506>

28. James Tapper Low Paid Shun Covid Tests because the Costs of Self Isolating is too High <https://www.theguardian.com/society/2021/jan/16/low-paid-shun-covid-tests-cost-of-self-isolating-too-high>

## Case study: COVID-19 symptoms self-isolation and redundancy

Adam approached us for advice with issues about his work. Adam (alias) has been employed with the same company for over 20 years but believes that due to COVID-19 the company is struggling financially. In November whilst Adam was at work, Adam's wife phoned him to say that due to a cough she had been told to get a COVID-19 test. Adam immediately told his employers and went home to self-isolate. On returning to work Adam was called in for a meeting and accused of gross misconduct on the basis of not informing his employer that he was at risk of COVID-19 and deliberately attending work for 3 days when he was possibly infected, all of which Adam denies.

Adam's employer stated that they would dismiss him for gross misconduct unless he signs a non-disclosure agreement promising not to start tribunal proceedings, in which case they will offer him 12 weeks wages in lieu of notice. Adam's employer has said they will wait for Adam's decision. Adam has decided that he doesn't want to continue working for the company and is looking for a different job but wanted to know what his rights are. We advised Adam that prior to a disciplinary meeting he should have been given notice about the issue, had time to prepare and been notified of his right to be accompanied. As the correct procedure hadn't been followed Adam has a potential claim for unfair dismissal. We were also able to advise Adam about his right to challenge any dismissal and the potential strengths of a tribunal claim.

As Adam believes that his employer is trying to avoid paying him a redundancy payment, we advised Adam that his statutory redundancy pay would be 24 weeks wages and discussed his potential benefits should his employer dismiss him. After understanding his options Adam told us that he would go back to his employer to negotiate a larger payment to sign the non-disclosure agreement and if unsuccessful will challenge any dismissal decision.

Source: CASNS

Whilst the COVID-19 crisis is giving rise to redundancies, those who are fortunate to find alternative employment are often in jobs at lower rates of pay as in the case of 'Gemma'.

## Case study: COVID-19 and redundancy

Gemma (alias) is a single female who initially contacted the CAB in June as she had been furloughed and was to remain furloughed until at least the end of September. Gemma works in a hotel and due to the impact of COVID-19 she has been told verbally that she been selected for redundancy with three months' notice which will end on the 2nd of November, 2020. Despite being given verbal notice her current employer has said that furloughed workers can be asked to come back with 24 hours' notice if they are required, previously her employer has told her that she could take another job whilst on furlough. She was given conflicting advice on her rights to work whilst being furloughed. A few weeks later she informed the CAB that she had the offer of a job to start after she had been made redundant, but it was at a slightly lower rate of pay and for fewer hours.

Source: (CASNS)

Many who have not qualified for the schemes have been forced to apply for Universal Credit.

## POVERTY AND DESTITUTION IS ON THE RISE IN STOKE-ON-TRENT

**TABLE 6. PERCENTAGE OF CHILDREN BELOW 60% MEDIAN INCOME AFTER HOUSING COSTS (AHC)**

Constituency	% of children below 60% median income After Housing Costs (AHC)		
	2014/15	2018/19	%age point increase
<b>UK</b>	<b>28%</b>	<b>30%</b>	<b>2%</b>
<b>West Midlands</b>	<b>30%</b>	<b>34%</b>	<b>4%</b>
Birmingham Ladywood	41.8%	54.5%	12.7%
Birmingham Hodge Hill	40.5%	53.8%	13.4%
Birmingham Hall Green	43.7%	52.5%	8.8%
Birmingham Perry Barr	40.4%	48.4%	8.1%
Warley	39.7%	48%	8.3%
Walsall South	40.6%	47.2%	6.6%
<b>Stoke-on-Trent Central</b>	<b>37.9%</b>	<b>45.5%</b>	<b>7.7%</b>
Birmingham Yardley	32.4%	44.7%	12.4%
<b>Stoke-on-Trent North</b>	<b>38.3%</b>	<b>44.3%</b>	<b>6%</b>
West Bromwich West	38%	44.2%	6.1%

Source: [https://commonslibrary.parliament.uk/constituency-data-child-poverty/#compare\\_constituencieshttpsandhttp://www.endchildpoverty.org.uk/child-poverty-in-your-area-201415-201819/](https://commonslibrary.parliament.uk/constituency-data-child-poverty/#compare_constituencieshttpsandhttp://www.endchildpoverty.org.uk/child-poverty-in-your-area-201415-201819/)

Table 6 shows child poverty rates in Stoke-on-Trent constituencies compared with regional and national figures. The trend since 2014-2015 for an increase in child poverty and the rates are now disturbingly over 40%.

## INCREASE IN DEMAND ON ADVICE SERVICES

One aspect of increasing poverty and deprivation is the rising numbers of families and individuals seeking advice particularly in relation to welfare support. The COVID-19 crisis has given rise to an increase in the numbers claiming Universal Credit, shown in Table 5 (pg 11).

The numbers on what can be defined as 'out of work' benefits is around 50,000. The relatively high level of health-related long-term unemployment in Stoke-on-Trent is being compounded by two issues:

- People who wish to return to work following a prolonged absence require more intensive and extensive support;
- An above average number of working age adults drop out of work due to extended periods of ill health and become long-term unemployed.<sup>29</sup>

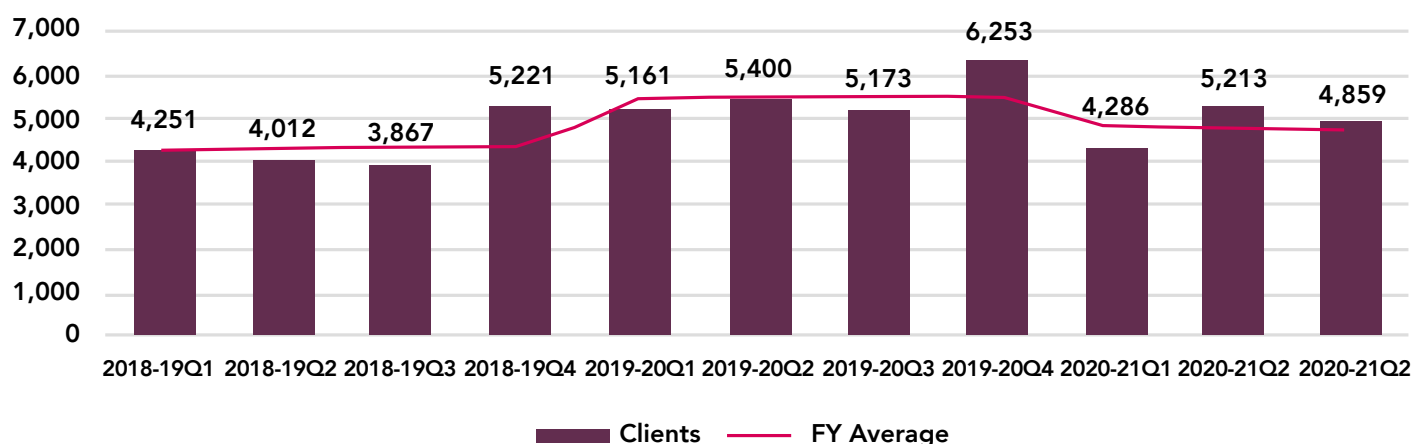
Figure 1 indicates that overall there has been an increase in the number of people seeking advice at the Citizens Advice Staffordshire North and Stoke-on-Trent.

29. Stoke-on-Trent City Council Employment and Skills Strategy, 2017



## FIGURE 1. CLIENT ADVICE TRENDS STOKE-ON-TRENT AND NORTH STAFFORDSHIRE

### Total Unique Individual Clients seen by Quarter



Unsurprisingly, the greatest volume of advice recorded is around benefits, tax credits and Universal Credit (around 50%) with debt the second highest (see Table 7).

### TABLE 7. TOP TEN ADVICE ISSUES DEALT WITH BY CASNS APRIL TO DECEMBER 2020

Advice issues	No. of Issues	Clients
Benefits Universal Credit	12,450	4,398
Debt	7,863	4,130
Benefits and tax credits	4,060	1,828
Employment	1,826	835
Housing	1,278	682
Financial Services and capability	1,073	472
Immigration and asylum	1,035	506
Utilities and communications	929	325
Relationship and family	633	330
Consumer goods and services	561	160
<b>Total advice</b>	<b>31,708</b>	<b>13,666</b>

Source: CASNS



## BENEFITS INSUFFICIENT TO LIVE ON AND INCREASING INCIDENCE OF DEBT

We have attempted to estimate the income impact of claiming benefits. In Table 7 we look at the estimated minimum income standards in relation to benefit categories. Since 2008, the Minimum Income Standard (MIS) has monitored what UK households need in order to have a decent living standard, considered as a minimum by the general public. It is based on regular research involving groups of members of the public agreeing on what things you need in order to meet material requirements and participate in society. The New Economics Foundation (NEF), drawing on the project funded by the Joseph Rowntree Foundation (JRF) and carried out by the University of Loughborough, has revealed that benefit income (including working tax credits) is way below MIS recommended income levels (see Table 8).

**TABLE 8. BENEFIT RATES COMPARED WITH RECOMMENDED WEEKLY MINIMUM INCOME STANDARDS (MIS) IN STOKE-ON-TRENT**

Benefits by type	Actual benefit	MIS recommended
Universal Credit	UC £1112 <b>per month</b> including £20 (couple 2 children)	£806.17 <b>per week</b>
	Single person 409.89 <b>per month</b>	£320 <b>per week</b>
Jobseekers Allowance (JSA)	New style JSA £58.90 <b>per week</b> if under 25  £74.35 <b>per week</b> if you are 25 or over	£320 <b>per week</b>
Employment Support Allowance	Single on ESA £74.35 <b>per week</b>  Couple over 25 assessment phase with two children £116.80 plus child tax credits £108.64 <b>per week</b>	£320  £806.17 <b>per week</b>
Lone Parents two children age 2-4	On UC £926 <b>per month</b>	£707.70 <b>per week</b>

Source: New Economics Foundation <https://neweconomics.org/2020/11/falling-through-the-cracks> and Citizens Advice Staffordshire North and Stoke-on-Trent

According to Government figures (June 2020), Stoke-on-Trent already ranks as the 12th highest local authority in terms of proportion of children under 16 in relative low-income families.<sup>30</sup> Even with the £20 UC COVID-19 support packages, out of work and in work benefit is still at a level at less than half the minimum required according to MIS according to the New Economics Foundation (NEF) (Table 8).

Our new forecast modelling has found that the number of people falling below the “minimum socially acceptable standard of living” this November (2020) is likely to have reached an eye-watering 20.6 million – that’s around three out of every 10 people.<sup>31</sup>

However, pressing ahead with the £20 UC cut, if this takes place in the autumn, we would see the level of unemployment support fall to its lowest real-terms level since 1990-91, and its lowest ever relative to average earnings. Indeed, the basic level of out-of-work support prior to the March 2020 boost was £73 a week (£3,800 a year), which is less than half the absolute poverty line.<sup>32</sup> The industrial regions are the biggest losers from this benefit cut and are also the ones where households do worst out of the shift to Universal Credit from legacy benefits “a shift that this crisis is accelerating. Across the North, the Midlands, and Wales, 46% of eventual Universal Credit claimants will be worse off on Universal Credit compared to previous legacy benefits.”<sup>33</sup>

According to the North Staffordshire Financial Inclusion Group, over 90,000 people in Stoke-on-Trent and Newcastle-under-Lyme are indebted, struggling to pay their bills, keep up with their loan payments, and access the benefits they need or borrow money at an affordable rate. In 2016 the Money Advice Service ranked Stoke-on-Trent as the 12th most over indebted local authority area in the UK and 2nd in the West Midlands. 84% of wards across Stoke-on-Trent contain households that say they find it ‘difficult’ or ‘very difficult’ to manage their household income higher than the national average of 28%.<sup>34</sup>

As highlighted above, the amount of benefit provided is well below minimum income standards in the following case study.

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30. <https://www.gov.uk/government/publications/children-in-low-income-families-local-area-statistics-201415-to-201819/children-in-low-income-families-local-area-statistics-201415-to-201819>

31. New Economics Foundation “Falling through the Cracks <https://neweconomics.org/2020/11/falling-through-the-cracks>

32. Resolution Foundation (2020) Death by a £1,000 cuts <https://www.resolutionfoundation.org/publications/death-by-1000-cuts/>

33. Resolution Foundation (2020) Death by a £1,000 cuts <https://www.resolutionfoundation.org/publications/death-by-1000-cuts/>

34. Financial Inclusion Group North Staffordshire (2019) Business Development Plan 2019-2025.

### David's story: Coping with debt

David (alias) is single and lives in a 2-bed council property so is subject to the 'bedroom tax' – his household income is Universal Credit only and he's not sure if he has made a separate claim for Council Tax Support. David was employed as a painter/decorator but has had no work due to COVID-19 lockdowns. He has no health issues so is very actively seeking work. David's two children don't live with him full time and he is paying maintenance for them but is finding it really difficult to manage, especially on the days when they are with him and he incurs extra costs in feeding them and making sure the house is warm enough, as he has to meet these expenses out of his single person's UC award.

Due to nearly a year of no work David has built up debts with his rent and the council have an Alternative Payment Arrangement in place which means the rent is paid directly to them with an additional 20% of his Universal Credit award paid directly towards his rent arrears, reducing David's monthly UC award of 409.89 by £81.97 a month. David has multiple years' worth of council tax arrears and thinks all accounts are with bailiffs, David tells us that prior to lockdown he did have arrangements in place but when he stopped paying and they didn't come out to visit due to COVID-19 restrictions he has used the money to buy food and top up his pre-payment meters for gas and electric instead. He also has multiple parking tickets from when he was working, again he thinks all of the accounts are with bailiffs.

Source: CASNS

Helene's story is perhaps typical of claimants who are struggling financially in the welfare system.

### Helene's story: Not enough to live on

Helene (alias) is a single person, living in a one-bed private-rented property, she is 23, and usually works as a chef so hasn't had much work since the initial COVID-19 lockdown. Helene is an EEA national who, while being able to speak fluent English, struggles to read the written language. Currently, all Helene receives is Universal Credit of £342.72 per month. From this it appears that Helene is not receiving the housing element of Universal Credit and isn't sure why as she's not had any communication on her online journal that she can read properly. After paying her rent Helene only has £85 a month for all her other expenses, she tells us that she has pawned her TV for some money over Christmas and now only has a radio. Helene has council tax arrears as she has to make up the 30% difference not covered by her council tax reduction award and also has a fuel debt.

Source: CASNS

In the case of Bethany below, the lack of an adequate safety net has meant that she has rapidly fallen into debt.

### **Bethany: Coping with mental health and debt**

Bethany (alias) lives alone in a 2-bedroom private rented property, her rent is £425 p/m. Bethany is in receipt of Universal Credit. As Bethany is 23, she is only entitled to the Shared Accommodation rate of Universal Credit, leaving her with a significant shortfall in her housing costs. After Bethany has paid her rent she only has £235 left for the rest of the month to meet all of her utility bills, her council tax shortfall of £3.99 a week and to buy food and clothing. Bethany has mental health issues, which means that she cannot work and her financial situation is causing her lots of stress which in turn is increasing her mental health issues. Bethany contacted us as she has no money to buy food or top her pre-payment meter up, she also disclosed debts of £230 to Severn Trent and £460 to her electric company.

Source: CASNS

The close link between claiming benefits and falling into debt needs to be emphasised here. Stoke-on-Trent has the 2<sup>nd</sup> highest rate of Debt Relief Orders (DROs) in England and Wales with 22.9 per 10,000 adult population—almost four times the national rate of 6.0.<sup>35</sup>

The number of people in debt contacting Citizens Advice Staffordshire North and Stoke-on-Trent for advice has fallen sharply because of the moratorium established by the local authority (and is a lower proportion than normal) and the closure of the face-to-face services has excluded many people unable to engage digitally or by phone from seeking advice. Previously 12 to 15 new cases each day would have been dealt with if the CASNS was open for drop-in callers. CASNS state that there is undoubtedly significant pent-up demand for debt advice waiting to be released and that will drive a significant surge in demand at some point in the next 12 months.

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35. City of Stoke-on-Trent Poverty, Deprivation, Debt and Insolvency, November 2019, p26.

## DELAYS IN BENEFITS

The Government has inbuilt delays of 5 weeks in the delivery of benefits which has been criticised by the cross-party Work and Pensions Committee (WPC). This has been highlighted by the Hardship Commission Report and in our (Etherington and Jones) submission to the WPC with respect to all groups of claimants.<sup>36</sup> The Child Poverty Action Group (CPAG) has recently raised the issue that delays in assessments for people on disability benefits have been particularly hard hit.<sup>37</sup> Whilst the numbers of new UC claims has spiked considerably and there have been improvements to the service, there is evidence that vulnerable people are experiencing hardship regarding the delays.<sup>38</sup>

### Rizwan: Claiming UC with health problems

Rizwan (alias) suffers with Post Traumatic Stress Disorder, Obsessive Compulsive Disorder and social anxiety. After struggling with his mental health for several years he is now receiving counselling and support from the local mental health centre on an outpatient basis. In January 2020, Rizwan made a claim for Universal Credit and submitted a sick note, instead of a maximum wait of 12 weeks for a medical assessment Rizwan did not receive a medical assessment until July 2020 where he received a phone call to talk about his health problems. Following this, Rizwan heard nothing about the outcome of his medical assessment. In January 2021 Rizwan's support worker helped him to contact Universal Credit where he was told "there had not been enough information gathered during the telephone assessment", so the DWP were "unable to make a decision about Rizwan's limited capacity for work until they are able to attend a face-to-face LCW assessment". At this time Rizwan has been given no indication as to how long he will have to wait, causing more uncertainty and distress as Rizwan has told us that due to his social anxiety a face to face assessment would be too much for him to cope with, an assertion that is supported by his mental health support worker.

Source: CASNS

## COPING WITH DIGITISATION

One of the major changes made by the DWP has been rolling out the digitisation of the service with respect to making claims on-line. Many poorer families and individuals do not have access to WiFi and computers. Of the eight million in the UK who do not use the internet, 90% suffer from other kinds of economic or social disadvantages. They are also more likely to be in the lowest income bracket and/or be disabled with long-standing health conditions.<sup>39</sup>

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36. <https://committees.parliament.uk/writtenevidence/1176/html/>

37. <https://cpag.org.uk/sites/default/files/files/policypost/CPAG-falling-through-the-net-briefing-25-February.pdf>

38. National Audit Office (2020) Getting to the First Payment <https://www.nao.org.uk/wpcontent/uploads/2020/07/Universal-Credit-getting-to-first-payment.pdf>

39. G Burgess *The digital divide what does the research tell us?* [chpr.landecon.cam.ac.uk/Research/Start-Year/2017/building\\_better\\_opportunities\\_new\\_horizons/digital\\_divide\\_r](http://chpr.landecon.cam.ac.uk/Research/Start-Year/2017/building_better_opportunities_new_horizons/digital_divide_r)

## Deodat: Applying for UC with no internet

Deodat (alias) lives in a rented Housing Association flat. Deodat has recently found a job working 15 hrs per week on average and earning £125 per week approx. Deodat is not claiming any benefits and has no savings, he has no health issues and lives by himself. As he is on a low income Deodat does not have an internet connection at home and no access to a computer or smart phone. Prior to the pandemic he would use the computers in the libraries but currently he is struggling to access them.

Source: CASNS

A long-standing issue has been the complexity in the application process since the roll out of digitisation and also the inbuilt delays in allocating benefits. By far the majority of cases relate to assistance with the application process. There is a caveat when analysing these figures. One of which is adjusting capacity of the advice services to meet with the increased demand immediately, which makes responding to such surges difficult. The other is the impact on service delivery of transferring large numbers of staff from an office base to home working, which inevitably disrupts CAB service delivery and affects the number of people they can advise.

Alongside this, the closure of the Job Centres during the first lockdown and their restricted services, during the subsequent restrictions, the closure of libraries, council offices and the CAB's own face-to-face services has collectively reduced the number of clients that can be advised. Prior to the lockdown, about 40% of their UC clients, especially those wanting help to make a claim, were seen face to face, many because of poor digital skills or low confidence. Many of these will not have successfully transferred to digital channels and have fallen through the new system.

## INCREASING DESTITUTION

The Joseph Rowntree Foundation (JRF) has undertaken regular studies of destitution in the UK with respect to the increasing poverty rates in the UK. For the JRF "destitution denotes the circumstances facing people who cannot afford to buy the absolute essentials that we all need to eat, stay warm and dry, and keep clean."<sup>40</sup> (Table 9).

Some of the main reasons identified as causing destitution are:

- a range of benefit issues, including the rollout of Universal Credit (UC), the cash freeze in benefit levels, a continuing high level of failures of Personal Independence Payment (PIP) claims, the lowered benefit cap and the 'two-child limit' (where support to families through tax credits and UC is no longer paid for a third or subsequent child born after 5 April 2017)
- a rising level of problem debt, particularly in terms of basic housing, utility costs and Council Tax
- increasing numbers of migrants who are asylum seekers/refugees
- a rise in child poverty
- homelessness remaining high
- the cumulative effects of austerity on local authority budgets.

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40. JRF, Destitution in the UK 2020 <https://www.jrf.org.uk/report/destitution-uk-2020>

## TABLE 9. DEFINITION OF DESTITUTION

People are destitute if:

EITHER: (a) They have lacked two or more of the following six essential items over the past month, because they cannot afford them:

- shelter (they have slept rough for one or more nights)
- food (they have had fewer than two meals a day for two or more days)
- heating their home (they have been unable to heat their home for five or more days)
- lighting their home (they have been unable to light their home for five or more days)
- clothing and footwear (appropriate for the weather)
- basic toiletries (such as soap, shampoo, toothpaste and a toothbrush).

To check that the reason for going without these essential items was that they could not afford them, we asked respondents if this was the reason, checked that their income was below the standard relative poverty line (that is, 60% of median income – after housing costs – for the relevant household size), and checked that they had no or negligible savings.

OR: (b) Their income is so extremely low that they are unable to purchase these essentials for themselves. We set the relevant weekly 'extremely low' income thresholds by averaging: the actual spend on these essentials by the poorest 10% of the population; 80% of the JRF 'Minimum Income Standard' costs for equivalent items; and the amount that the general public thought was required for a household of their size to avoid destitution, in an omnibus survey we undertook as part of the original study. The resulting weekly amounts (after housing costs) were £70 for a single adult living alone, £95 for a lone parent with one child, £105 for a couple and £145 for a couple with two children. We also checked that households had insufficient savings to make up for the income shortfall.

Source: JRF, Destitution in the UK 2020

<https://www.jrf.org.uk/report/destitution-uk-2020> p7

The JRF research approach involved mixed methods of quantitative surveys of the use of 'crisis' services across selected localities including regular use of surveys. The key research aim was to investigate trends in destitution. In practice, the most consistent indicator of change in the scale and profile of destitution is obtained by comparing the weekly destitute household numbers in 2019 to those in 2017 for the 73 services in the 16 study areas that participated in the survey in both years. The qualitative research was then adjusted to focus on the impact of the pandemic and the associated economic lockdown on people who were destitute when we surveyed them. A large qualitative sample of destitute respondents (n=70) was purposively selected to allow good coverage of sub-groups of particular policy interest, including, for example, people experiencing 'in-work destitution' and families with dependent children. Table 10 shows the 20 GB local authorities with the highest estimated levels of destitution, with a breakdown provided for each of the three key analytical sub-groups. A broad three-way classification of destitute households, defined as follows:

- those with complex needs—respondents who reported experiencing two or more problems, offending, domestic violence or begging (who could be UK-born or born outside of the UK)
- migrants—respondents born outside of the UK (who did not have complex needs)
- UK-other—respondents not falling into the preceding two categories (that is, UK-born without complex needs).



**TABLE 10. LOCAL AUTHORITY DESTITUTION RATES, BY THE THREE SUB-GROUPS AND OVERALL, SHOWING THE TOP 20 LOCAL AUTHORITIES IN 2019 (WEEKLY-WEIGHTED, % OF HOUSEHOLDS)**

	Local authority	Migrants	Complex needs	UK-other	All destitute
1	Middlesbrough	0.35	0.79	0.70	1.84
2	Manchester	0.35	0.61	0.58	1.54
3	Kingston-upon-Hull	0.21	0.58	0.74	1.53
4	Liverpool	0.29	0.55	0.64	1.48
5	Newcastle-upon-Tyne	0.37	0.53	0.57	1.47
6	Nottingham	0.34	0.57	0.54	1.46
7	Blackpool	0.03	0.86	0.56	1.45
8	Salford	0.35	0.38	0.64	1.37
9	Norwich	0.21	0.63	0.52	1.36
10	Glasgow	0.42	0.28	0.64	1.34
11	<b>Stoke-on-Trent</b>	<b>0.26</b>	<b>0.54</b>	<b>0.55</b>	<b>1.34</b>
12	Newham	0.53	0.30	0.50	1.33
13	Blackburn with Darwen	0.21	0.51	0.59	1.31
14	Rochdale	0.28	0.51	0.51	1.30
15	Leicester	0.38	0.45	0.47	1.30
16	Haringey	0.39	0.42	0.43	1.24
17	Barking and Dagenham	0.47	0.24	0.51	1.23
18	Hartlepool	0.18	0.42	0.60	1.21
19	Tower Hamlets	0.28	0.47	0.47	1.21
20	Stockton-on-Tees	0.30	0.39	0.52	1.21
GB		0.20	0.20	0.38	0.71

Source: JRF, Destitution in the UK 2020 <https://www.jrf.org.uk/report/destitution-uk-2020> p20.



Overall, the increasing numbers of families and individuals falling into poverty and destitution are caused by those ‘drivers’ outlined in the introduction. However, the cuts to out of work benefits in its various forms are a major factor. To reinforce this point, JRF state that “the 2015–20 cash freeze on working-age means-tested benefits, and the 1% cap on uprating between 2012 and 2015, have eroded benefit levels to such an extent that many are at or below the destitution threshold before any deductions are made to their income”.<sup>41</sup>

## FOODBANK USAGE IN STOKE-ON-TRENT

One of the key findings of the JRF destitution report is the “growing reliance on charitably run food banks as a core welfare response.” A report on hunger in the UK comments that the “UK, as the fifth largest economy in the world with public spending at approximately 39% of GDP, has considerable resources at its disposal to ensure that its poorest families and children do not go hungry and fall through the net of the welfare state”.<sup>42</sup>

The foodbank sector made remarkable efforts to meet the accelerating need for food parcels during the national COVID-19 lockdown, although there are questions whether some people in need are able to access this support. “In any case it seems unwise to rely on this voluntary effort to ensure that the basic physiological needs of large numbers of UK residents are met”.

The Trussell Trust has reported an increase nationally in foodbank usage at an alarming rate.<sup>43</sup> In April 2020 there was an 89% increase in the number of emergency food parcels given out compared with the same month in 2019. This included a 107% increase in the number of parcels given to children, compared to the same period last year.

At the start of the pandemic, the Trussell Trust commissioned work to understand the levels of need food banks in the network would be likely to see as the economic impact of COVID-19 unfolded. The top three reasons for referral to a food bank in the Trussell Trust network in 2019-20 were ‘low income, benefit delays and benefit changes’. The findings show that there is likely to be a significant rise in levels of destitution in the UK by the end of the year, and at least an extra 300,000 emergency food parcels are likely to be distributed by food banks in the Trussell Trust network in the last quarter of 2020—an increase of 61% compared to the previous year. The Independent Food Aid Network reports similar findings. Comparing April 2019 to April 2020 and May 2019 to May 2020, the data show a 171% and 190% rise respectively in the number of 3-day emergency food parcels distributed by 83 independent food banks. More recently, collated figures demonstrate a 123% increase comparing November 2019 with November 2020.<sup>44</sup>

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41. P60.

42. Nothing Left in the Cupboards, Austerity welfare cuts and the right to food in the UK <https://www.hrw.org/report/2019/05/20/nothing-left-cupboards/austerity-welfare-cuts-and-right-food-uk#>

43. Trussell Trust (2020) Lockdown, lifelines and the long haul ahead: The impact of COVID-19 on food banks in the Trussell Trust network <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/09/the-impact-of-covid-19-on-food-banks-report.pdf>

44. Independent Food Aid Network (2020) Independent Food Bank Emergency Food Parcel Distribution in the UK February to November 2019 and 2020 <https://uploads.strikinglycdn.com/files/f94e04eb-00ff-4ab1-99ae-6a901ee885b4/IFAN%20REPORT%2022.12.20%20FINAL.pdf>

There is no systematic collection of data of this nature in Stoke-on-Trent, although the Stoke-on-Trent Foodbank reports that 14,000 people had used the foodbank over the past 12 months and 1,500 received food aid who had never used a foodbank before (2020).<sup>45</sup> A PhD researcher from the University of Manchester investigating food poverty in Stoke-on-Trent reports that Stoke-on-Trent “has witnessed an exacerbation of food insecurity and poverty more generally, among households that were already struggling to put food on the table”.<sup>46</sup>

We have been able to access user data from the Alice Charity’s foodbank, one of a number of foodbank providers in Stoke-on-Trent and Newcastle-under-Lyme. Records are kept by Alice regarding the reasons for visits and the impact of COVID-19. Table 11 summarises the data on visits to the Alice Charity’s Foodbank (People’s Pantry) (which covers Stoke and Newcastle-under-Lyme) between 2018 and the first two months of 2021.

**TABLE 11. FOOD AID SUPPLIED BY ALICE CHARITY’S FOODBANK 2018-2021 (JAN-FEB)**

	Families fed	Adults	Children
Jan-Mar 2018	64	96	118
April-June 2018	47	84	86
July-Sept 2018	64	90	123
Oct-Dec 2018	95	131	84
<b>Total for 2018</b>	<b>270</b>	<b>401</b>	<b>564</b>
Jan-Mar 2019	83	135	197
April-June 2019	73	113	164
July-Sep 2019	120	177	243
Oct-Dec 2019	210	305	459
<b>Total for 2019</b>	<b>486</b>	<b>730</b>	<b>1063</b>
Jan-Mar 2020	201	293	437
Apr-June 2020	289	451	592
Jul- Sep 2020	213	351	440
Oct- Dec 2020	413	596	969
<b>Total for 2020</b>	<b>1116</b>	<b>1691</b>	<b>2438</b>
Jan- Feb 2021	280	425	602

Source: Alice Charity 2021

45. <https://stokeontrent.foodbank.org.uk/>

46. <https://breadlineresearch.coventry.ac.uk/2020/07/22/food-insecurity-and-covid-19-in-stoke-on-trent/>

The dramatic rise in food aid as shown in the table above follows similar trends reported by the Trussell Trust and the Stoke-on-Trent foodbank. What is most striking and must be a cause for concern is that more aid was provided by the Alice Charity in the first two months of 2021 than in the whole of 2018. In Table 12, we have drawn from records of foodbank visits in 2020 to provide a flavour of reasons for applying for food aid and experiences of poverty during the pandemic.

**TABLE 12. CASE STUDIES OF USE OF ALICE CHARITY'S FOODBANK**

Age and situation	Reasons for using foodbank	Day to day experience of COVID-19
Unemployed, between 39 and 58 years old with 2 children	Benefit delays, inadequate income, debt and school holiday extra costs	Trying to get son diagnosed with ADHD has stalled due to COVID-19, struggle to sort benefits as they are so busy. Running out of food, bills increasing as children are at home
24-38 years	Stay at home parent on Universal Credit and not enough money	I had a domestic violence incident 1st Feb. Due to this I also had to leave work and had no support and other choice to claim UC
24-38 years stay at home parent/carer	Made us isolated and I began to struggle	There was no support and I worried that there wouldn't be support through the lockdown
24-38 years 2 children	Worked at restaurant, made unemployed and not put on furlough	Restaurant closed and no money coming in
24-38 years 4 children stay at home parent/carer	My partner is a carpenter and due to the lockdown he has not been able to work (self-employed)	No money coming in and must rely on the foodbank
39-55 years working 20-35 hours per week with 2 children	Used foodbank because of benefit changes and delays to benefit	Worrying going to work in case she brings the virus back home
24-38 years Full time parent stay at home carer with 2 children	I am struggling to feed my family due to the pressures of lockdown	They are providing food each week for me which is helping lots and they are delivering it to my property to ensure me and my children have enough food to eat
Age 25-38 years with 3 children and working between 25-30 hours a week	Used foodbank because of school holidays	I was furloughed during lockdown which left me with little money to support my family, I was not able to take the children out for day visits so they could stay entertained

Source: Alice Charity 2021

# UNEVEN IMPACT OF COVID CRISIS

## Disabled people

There is compelling evidence that the COVID-19 crisis is disproportionately impacting on disabled people. According to the Joseph Rowntree Foundation (JRF) “we are seeing indicators that disabled people have been pushed into a more precarious financial position as a result of the COVID-19 outbreak. For example, research from the ONS in September 2020 shows that disabled people are more likely than non-disabled people to have experienced difficulty paying household bills as a result of the COVID-19 outbreak (22.1% vs 15.5%) and are more likely to be unable to withstand a sudden, significant emergency bill (43.7% vs 29.7%).<sup>47</sup> As Rizwan’s case shows, described above, delays in making assessments has significant impacts on his income and also his own personal wellbeing in dealing with a complex benefit system. With the high numbers claiming disability related benefits in Stoke-on-Trent, this is of concern to us.

The chances or opportunities of moving off benefits into work for disabled people are highly constrained and even more so as a consequence of the COVID-19 crisis. A survey undertaken by the Leonard Cheshire reported that 7 out of 10 disabled people experienced a loss of income and a significant proportion of employers (1 in 5) were reluctant to hire disabled people.<sup>48</sup>

A survey of disabled people by researchers at the London School of Economics (LSE) provide similar findings when they state that “Disabled people appear to have been an afterthought in the response to COVID-19. For example, we heard how provision was often made for non-disabled children who were learning from home, but not, at first, for children with special educational needs and disabilities, and learning materials were often inaccessible or inappropriate. Personal Protective Equipment (PPE) was provided for hospitals, but not for care homes, and then in care homes, but not for home carers and personal assistants. Some disabled people’s organisations had to step in and source PPE for their members.”<sup>49</sup>

47. JRF Briefing: The financial impact of COVID-19 on disabled people and their carers file:///C:/Users/dge2/Downloads/disabled\_people\_and\_legacy\_benefits\_dec\_2020.pdf

48. leonardcheshire.org/about-us/our-news/press-releases/disabled-people-plunged-crisis-covid-employment-landscape

49. <https://blogs.lse.ac.uk/politicsandpolicy/disabled-people-impact-of-covid19/>

## Women

The Women's Budget Group has continually emphasised the fact that women are disproportionately negatively impacted by austerity. The COVID-19 pandemic has worsened the situation for many women in terms of health, employment and unpaid work, resulting in increased levels of poverty, debt and mental health deterioration.<sup>50</sup>

### Case study: Maria coping with depleting household finances and childcare

Maria (alias) is a stay at home mum of three school aged children, her partner Mark (alias) works full time but will be going on sick leave in a couple of weeks due to a planned hospital admission. Her 20 year old daughter lives at home with her and is looking for a job.

In September 2020 Maria and Mark became eligible to claim Universal Credit due to a drop in Mark's income. Unfortunately, due to the waiting period and the fact that their privately rented home is more expensive than the local housing allowance rate Maria and Mark are struggling. Maria tells us that currently they have rent arrears of £1000.00 and council tax arrears of £100.00 (she does get help via Council Tax Reduction), she was previously paying £10.00pw towards this but has ceased this payment as she can't afford it, and she has recently been given a fine for not having a TV licence. Due to struggling with monthly payments of Universal Credit Maria has requested an alternative payment arrangement so she gets paid fortnightly which she thinks will help her budget better.

Maria phoned the CAB as she had no money to top up her gas and electric meters as due to the cold weather and the children home schooling due to COVID-19 she was having to keep the heating on more than she would when she's home alone, and asked if she could have a food bank voucher as she was struggling to make ends meet this month.

Source: CASNS

Women are most likely to manage childcare and household finances as in the case of Maria. The intersection of gender and disability is shown below with Antonina's ESA claim which is affected by the lack of National Insurance (NI) contributions. Access to a steady job is one way in which she could have accrued NI credits but her disability and inability to work have acted against her.

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50. Womens Budget Group (2021) Lessons Learned Where Women Stand at the Start of 2021 The economic and health impacts of COVID-19 <https://wbg.org.uk/analysis/reports/lessons-learned-where-women-stand-at-the-start-of-2021/>

## Antonina: Claiming benefits experiencing ill health and poverty

Antonina (alias) is a council tenant living in a 3 bed house with 2 daughters: one aged 18 in Full Time education at college doing level 3 diploma and in receipt of PIP (Daily Living component), and one aged 21 in FT education at university.

Antonina provides more than 35hrs care a week for her daughter and claims Carers Allowance for looking after her. Antonina is self-employed but has had limitations to the type of work she can do since her partial stroke in 2015, she is a registered childminder and following her assessment by Ofsted she was advised that her limited mobility (due to issues with her legs from a previous fall/injury/surgery combined with the recent stroke), meant that she was no longer authorised to care for babies or young children. Over recent months her conditions have deteriorated and she is now unable to work at all. Antonina applied for new style ESA but the claim has been rejected due to lack of National Insurance contributions, she currently receives child tax credit of £116.57 a wk, Carers Allowance of £67.25, Housing Benefit £116.21 a wk & child benefit of £21.05 a week. Antonina has no savings and tells us she is struggling financially and wants to apply for UC.

Although Antonina is eligible to make a claim for Universal Credit she has told us that she does not have access to a smart phone or computer and that she's not had to regularly use the internet or a computer before, but that her daughter may be able to help.

Source: CASNS

## TOWARDS A MORE INCLUSIVE AND PEOPLE-CENTRED GROWTH STRATEGY

Based on our research on Stoke-on-Trent and also our expertise on economic development and social policy over many years, we offer some recommendations, which have financial implications particularly in relation to supporting the social infrastructure in Stoke-on-Trent. These need to be weighed against the financial costs of poverty, which have been calculated by the Joseph Rowntree Foundation (JRF) at around £78 billion per year.<sup>51</sup> The cost of raising benefits to a level of a Minimum Income Guarantee (MIG), which provides enough money for people to have enough to live on, amounts to half of this cost.<sup>52</sup>

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51. Glen Bramley, Donald Hirsch, Mandy Littlewood and David Watkins Counting the costs of poverty JRF, 2016, <https://www.jrf.org.uk/report/counting-cost-uk-poverty>

52. New Economics Foundation (2020) A Safety Net for all. The Minimum Income Guarantee would make sure no one falls through the gaps in our social security system. <https://neweconomics.org/2020/04/an-income-floor-for-all>

## RIGHTS TO A SAFETY NET AND BENEFIT THROUGH TAKE UP CAMPAIGNS

An often-overlooked area is that people often do not take up the benefits they are entitled to. A report undertaken for the Centre for Economic and Social Inclusion<sup>53</sup> drawing on research undertaken by the New Policy Institute and Joseph Rowntree Foundation, found that a third of eligible people in the UK in 2009-10 were not claiming the means tested benefits they were entitled to. Just over half of the estimated £10 billion unclaimed benefits could have been claimed by working age families. More recent data suggests that this is still an issue with older people, and those resident in deprived areas not taking up their benefits. Furthermore, with the benefit migration to UC (now temporarily halted) there is anecdotal evidence that the complexity of the system, barriers to making claims and the negative perceptions of the UC system by claimants is putting people off making a claim. Extrapolating from national trends, it is possible to make some estimates<sup>54</sup> that the total value of unclaimed benefits across the City is somewhere of the order of £71.85 to £84.55million.<sup>55</sup>

A take up strategy will be of enormous assistance in raising benefit incomes. The Scottish Government adopted such a strategy, which can be adapted to Stoke-on-Trent including the following measures:

- A new fund to assist organisations who are preparing their services and staff to support people who will be applying for benefits.
- A new take-up accessibility fund available to assist organisations who support people to increase their household incomes, with an emphasis on ensuring people are aware of the financial support available to them.
- A stakeholder take-up reference group will be established to provide advice and support in the implementation of this strategy, as well as feeding into the development of the next strategy.
- Roundtable events on access to social security, co-designed with key organisations, will bring together people with experience of the system, and organisations that support them, to explore solutions to issues such as stigma, barriers to access, and the human rights-based approach.

However, these initiatives must be dovetailed and integrated by a more intensive approach to addressing financial exclusion. The Financial Inclusion Group North Staffordshire (FIGNS) has outlined such a strategy in its recent report. The FIGNS state:

The scale of the problem is so large that the only way we can have any significant impact is through a response that is bold, innovative and above all on an unprecedented scale. For far too long, far too many agencies have nibbled away at the edges doing excellent work with a relatively small number of people, but unable to make a measurable impact on the overall problem. This strategy tackles these problems by developing an integrated service of debt advice, money guidance and access to affordable credit from ethical lenders delivered at scale across the area in places where the people who need this help appear regularly and feel at ease.<sup>56</sup>

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53. Finn D and Goodship J (2014) *Take-up of benefits and poverty: an evidence and policy review*. Centre for Economic and Social Inclusion, London.

54. Stoke-on-Trent City Council (2019) *Poverty, deprivation, debt and insolvency*, pp 41-43.

55. *ibid.*

56. Financial Group (2019) North Staffordshire Business Development Plan 2019-2025, p4-5.



## INCLUSIVE GROWTH AND POVERTY REDUCTION

The University of Manchester Inclusive Growth Analysis Unit has been working with the Greater Manchester Combined Authority with respect to promoting inclusive growth for several years. They have outlined the following measures (Table 13), which can connect growth to poverty reduction.<sup>57</sup>

**TABLE 13. INCLUSIVE GROWTH MEASURES**

Ensuring economic strategies include policies with the potential to reduce poverty, including, among others, measures that:

- strengthen basic skills provision, map routes into skilled work and develop initiatives to support progression for those in low paid work
- ensure that public policy decisions promote 'good work', including through procurement, commissioning and recruitment practices and, fair pay campaigns (see below)
- prioritise the development of social infrastructure, including provision of affordable and quality care, and transport and housing
- improving our understanding of poverty and its drivers
- developing and testing a logic model for reducing poverty. This should include inclusive growth policies and be based on careful analysis of the causes of poverty, perhaps trialled across a few pilot areas
- strengthening leadership and governance relating to poverty across the city region. Assessment of the distributional impact of policies on low income people and families could be part of the remit for all GMCA scrutiny committees
- developing poverty reduction targets and outcomes measures to track progress, based on careful analysis of the causes of poverty, particularly in relation to in-work poverty. This could be coordinated across different council services.

Source: adapted from IGAU, p8

The Institute of Employment Studies<sup>58</sup> propose a detailed programme of action, which involves investment in active labour market policies including rapid reemployment support for the unemployed, connecting people to jobs (by increasing number of Work Coaches), refocusing skills and training to support the recovery including a package of measures involving targeted support, advice and guidance, in work skills and progression, co-design schemes with employers, increased role for social partners/stakeholders in local decision making.

57. IGAU *How could inclusive growth policies reduce poverty at local level?* <https://documents.manchester.ac.uk/display.aspx?DocID=42550>

58. Institute of Employment Studies (IES) 2020 *Getting back to work: dealing with the labour market impacts of the COVID-19 recession*, IES, Brighton



More specific proposals are outlined below.

- Moving quickly to fund successor programmes to the Work and Health Programme and the Intensive Personalised Employment Support programme – with increased investment and a greater focus on providing evidence-based, specialist employment support for disabled people and those with long-term ill health.
- Increasing funding for Access to Work and in particular supporting its promotion with employers.
- Promoting and encouraging workplace support for those with mental health conditions, including by expanding access and funding for occupational health, encouraging more use of evidence-based approaches like mental health awareness training for line managers and promoting Employee Assistance Programmes.
- Announcing new funding for ‘test and learn’ initiatives that can build the evidence base on what works in increasing employment for disabled people and those with health conditions – building on the work of the former joint Work and Health Unit.
- Continuing to encourage health services to view work as an outcome, and to invest in services that can help support those out of work and with poor health to prepare for and move into appropriate work.

## **FAIR PAY PLANS**

Businesses that access government support should commit to putting in place fair pay plans. These should be discussed and agreed with trade unions where they are present in the company and where they are not, businesses should engage with staff collectively in a way that enables staff to discuss the issues fully without management present and feedback through staff representatives. Companies should commit to initiating these discussions within three months, and putting Fair Pay Plans in place in time for 2021. All fair pay plans should include:

- the period during which the scheme is in place should not count towards the accrual of cash bonuses, long-term incentive plans or any other incentive-related remuneration included in executive pay packages
- no staff whose work contributes to the company, including those who are employed through agencies and/or support the company through outsourced roles, should be paid less than the Real Living Wage
- the maximum pay ratio between top and bottom of the organisation should be no more than 20:1.

## JOB AND SKILLS GUARANTEE SCHEME FOR CLAIMANTS AND WORKERS: AN INCLUSIVE AND INTEGRATED APPROACH

Professors Etherington and Jones have been active in researching and developing an inclusion model, which focuses on a job and skills guarantee scheme for claimants and workers generally known as Job Rotation (JR) model. The work in the UK was formed as part of a submission to the Royal Society of Arts Inclusive Growth Commission.<sup>59</sup> A JR pilot has previously been advocated in the Stoke-on-Trent City Council Employment and Skills Strategy (2017, p32) as one of the possible actions to reduce the proportion of adults with no or low skills and qualifications.<sup>60</sup> JR is a model integral to economic and social inclusion and addressing poverty. Job Rotation (JR) is a form of job matching and a short-term job guarantee, it prepares people for the labour market by guaranteeing placements for unemployed individuals and also guarantees employment and skills training for employees in the partner employer organisation. An essential ingredient of the JR model is the role of social dialogue and the bringing together of relevant labour market partners, including trade unions and worker representatives.

Recent advocacy research with the Employment Related Services Association (ERSA) has brought about positive developments in developing JR, which addresses major labour market challenges posed by the COVID-19 crisis.<sup>61</sup>

With fears of very high unemployment in the UK following the COVID-19 pandemic, there are calls for a back-to-work strategy involving a Job Guarantee for young people and the long-term unemployed. JR can play a crucial role in such a strategy, linking a range of tried and tested employability support (including pre-employment training and coaching), lifelong learning and in-work support. Evaluations show a high rate of job retention—around 75% of unemployed JR participants gain permanent jobs.

With the phasing out of the Job Retention Scheme, this is a particularly opportune time to be thinking about JR. On 14th July 2020, ERSA hosted a thought leadership session on the Job Rotation Model delivered by David Etherington, Martin Jones and Jo Ingold (now Deakin Business School, Melbourne). This session was informative and very useful for ERSA member organisations that deliver employment support. Elizabeth Taylor, ERSA Director states “There is interest in the employment support sector in the Job Rotation Model, ERSA and its members would support any initiatives that trials this model in the UK. ERSA would continue to host events on the model, for the sector to learn, and to build a community of shared learning and good practice. ERSA members are delivering the Work and Health Programme, Job Entry Targeted Support and the Job Finding Service alongside ESF funded provisions and enterprises support. In addition, the DWP’s Restart programme will be awarded in the coming weeks. ERSA would bring together a reference group of providers working in Stoke-on-Trent to support the Job Rotation project”.<sup>62</sup>

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59. David Etherington and Martin Jones (2016) *Submission to the RSA Inclusive Growth Commission Inclusive labour market instrument: Job rotation*, [https://www.thersa.org/globalassets/pdfs/inclusive-growth-commission/rsa-igc-job-rotation\\_de\\_mj.pdf](https://www.thersa.org/globalassets/pdfs/inclusive-growth-commission/rsa-igc-job-rotation_de_mj.pdf)

60. Stoke-on-Trent City Council (2017) *Employment and Skills Strategy*, Stoke, Staffordshire.

61. David Etherington, Martin Jones and Jo Ingold *Jobrotation an idea whose time has come?* ERSA , May 2020 <https://ersa.org.uk/media/blog/job-rotation-idea-whose-time-has-come>

62. Email sent to Professor Etherington, Elizabeth Taylor CEO of ERSA

## WHAT IS A JOB AND SKILLS GUARANTEE SCHEME (JOB ROTATION)?

Job Rotation (JR) was originally developed in Denmark and the Nordic countries and was mainstreamed throughout the EU in the 1990s and early 2000s.

There is a resurgence of JR initiatives in Denmark promoted by the trade unions and Danish local government association (KL). There have also been small-scale initiatives in the UK.<sup>63</sup>

## HOW DOES JR WORK?

The JR process is based on a seamless rotation model, which comprises of:

- identifying the training needs of low-skilled workers in a participating organisation
- using unemployed substitutes to free up workers for training without losing production/service delivery, dovetailing with the Unionlearn model
- targeting unemployed individuals to apply for JR jobs and topping up benefits to work for the agreed rates for the job (usually Living Wage)
- providing unemployed individuals with pre-employment and in-work mentoring (this could be performed by Work Coaches in Job Centres or provider caseworkers), as well as access to vocational courses
- provide access to apprenticeships, Apprenticeship Levy and Unionlearn funding for workers in participant organisation, allowing packages for training.

## HOW COULD IT BE FUNDED?

There is no hard and fast prescribed model but it generally involves budget for:

- a wage subsidy (benefit with top-up to make up to the Living Wage for unemployed substitutes) which can involve some match funding by employers
- pre-employment mentoring and training
- in-work training for unemployed substitutes
- vocational training for existing employees.

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63. David Etherington and Martin Jones *Submission to the RSA Inclusive Growth Commission Inclusive labour market instrument: Job rotation, 2016*

This could involve packaging funds from a range of sources (e.g. employment programmes such as the Kickstart Scheme, Universal Credit (LEP-matched funds). From August 2021, employers who pay the Apprenticeships Levy will be able to transfer unspent levy funds in bulk to small and medium-sized enterprises (SMEs) with a new pledge function. There are good examples of this activity already in existence, for instance the West Midlands Levy Transfer Fund, by also introducing a new online service to match levy payers with SMEs that share their business priorities from August 2021.<sup>64</sup> The UK Community Renewal Fund, which aims to support people and communities most in need across the UK, creating opportunities to trial new approaches and innovative areas at the local level and particularly removing barriers that people face in accessing skills and local labour market opportunities, building the evidence base for future interventions and exploring the viability of new ideas is also an important source of funding for JR and we urge civic and civil society stakeholders to urgently explore these possibilities.

## WHAT ARE THE BENEFITS?

- JR meets three separate but inter-related needs of local economies: tackling unemployment, encouraging business development through staff training and learning and the promotion of Lifelong Learning.
- JR helps disadvantaged labour market groups by providing a period of paid work placement, along with the opportunity to improve their vocational skills and qualifications.
- Employers reap the benefits of enhanced training for existing employees, and the enhanced capabilities of future employees, improving their retention, reducing turnover and saving costs to their business.

We know that it is difficult to engage employers/businesses in programmes, largely due to the number and complexity of programmes. The JR model is effective and efficient in reaching its target groups and reduces the potential for programme duplication and employers being approached by multiple providers.

A number of smaller businesses could be connected to secure volume in the JR activity, allowing the development of bespoke courses for employees from the different companies. This is already a tried and tested approach in the employability sector that improves employer engagement. For example, in Health and Social Care, JR could provide career routes for low-skilled workers without loss of staffing cover for essential services.

In summary, JR provides opportunities for unemployed people and upskills existing employees. It can be applied in both public and private sectors and could be particularly useful for sectors or businesses who struggle to recruit and could be a solution to the UK's long-lamented under-skilled labour market.

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64. HM Treasury, *Build Back Better Our Plan for Growth*, CP 401, 2021.