

# Birmingham City Council

## Coordinating Overview and Scrutiny Committee

Date 23 September 2022



**Subject:** Birmingham City Council Response to the Cost-of-Living Crisis

**Report of:** Richard Brooks, Director of Strategy, Equality and Partnerships

**Report author:** Richard Brooks, Director of Strategy, Equality and Partnerships

Does the report contain confidential or exempt information? ☐ Yes ☒ No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential: N/A

### 1 Purpose

- 1.1 To inform the Committee of Birmingham's context in relation to poverty and the cost-of-living crisis, and some initial considerations for our response.
- 1.2 The link to the Centre for Good Governance briefing is provided for information: [The cost of living crisis and scrutiny - Centre for Governance and Scrutiny \(cfgs.org.uk\)](https://cfgs.org.uk)

### 2 Recommendations

- 2.1 Members note the analysis of poverty and cost of living issues in Birmingham.
- 2.2 Members consider any recommendations to further address the cost-of-living crisis and implications for the Scrutiny work programme.

### 3 Appendices

- 3.1 Presentation: Poverty & the Cost of living crisis in Birmingham

# POVERTY & THE COST OF LIVING CRISIS IN BIRMINGHAM

Overview and Scrutiny Coordinating Committee, September 2022

Richard Brooks, Director of Strategy, Equality & Partnerships



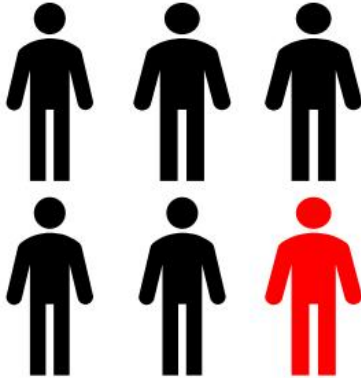
# Understanding our city and context



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# National context: poverty is widespread and now rising

- Across the UK approx. one in six people live in absolute poverty
- Amongst children the UK rate is one in four (for pensioners 1 in 9)



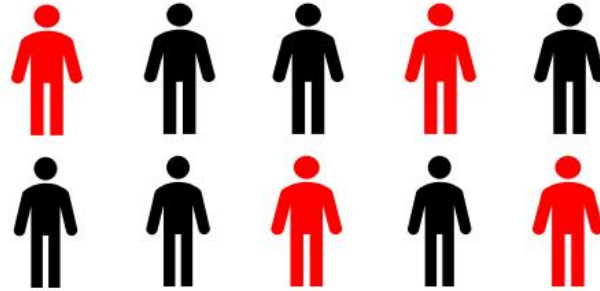
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*Source: HBAI 2020/21; Note: absolute poverty measure after housing costs, figures are 17% for adults, 23% for children and 11% for pensioners*

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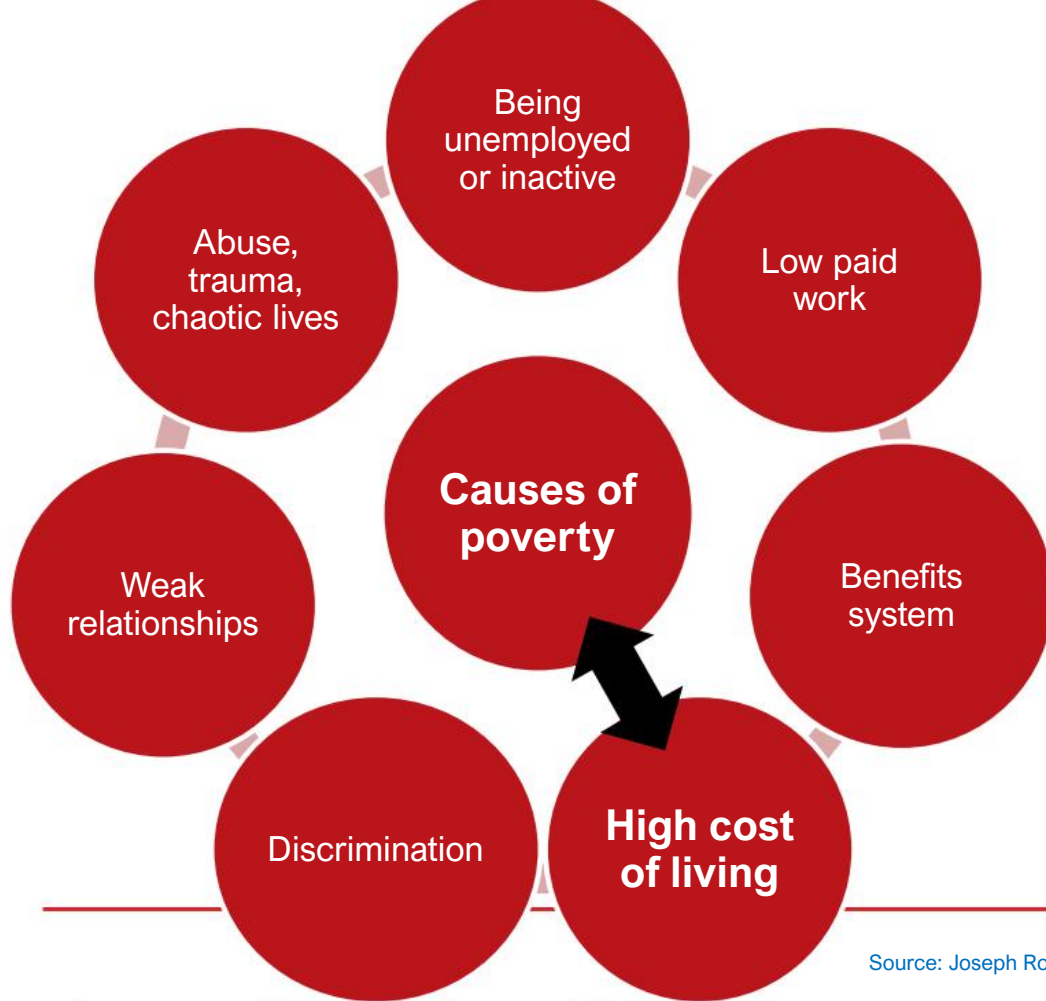
# Poverty rates in Birmingham are much higher: almost double the national rate for children

- Birmingham's child poverty rate was modelled at 43% for 2019/20, which is **over 100,000 children**



- There are no accurate local authority estimates of overall poverty in Birmingham, but it must affect **well over 300,000 people**

Source: [Child poverty rates by local authority | JRF](#)



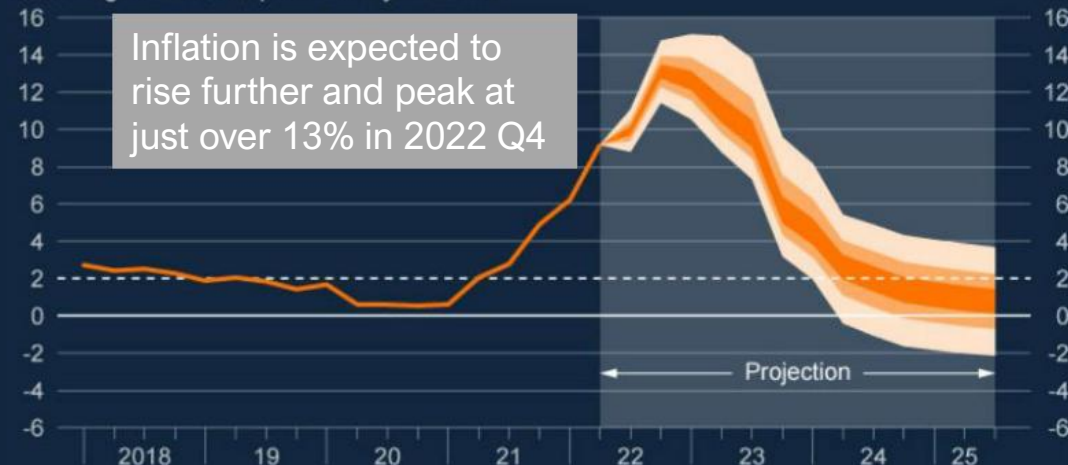
**Rising cost of living is a cause of poverty, and people living in poverty are more vulnerable to rising costs**

Source: Joseph Rowntree Foundation, 2022

# Prices are have risen exceptionally fast since early 2021, and continue to rise fast, driving more people into poverty

**Chart 1.4: CPI inflation projection based on market interest rate expectations, other policy measures as announced**

Percentage increase in prices on a year earlier



- **Food and fuel** have been disproportionately affected – gas & fuel prices doubled.
- Our poorest households spend **much more of their income** on these than higher-income households.
- Inflation is not forecast to fall to 'normal' levels until **2024**.
- Global cost drivers, but the UK is among worst affected.

# The Impact will be most severe for Low Income Families

(Joseph Rowntree Foundation and Resolution Foundation analysis)

- JRF estimates **that seven million low income families had to sacrifice food, heating, even showers, this year** because they couldn't afford them
- JRF's analysis used the projected inflation rise (of 13%) to calculate the impact rising living costs will have on low-income families.
  - Energy bills will be £1,550 dearer on average by April 2023 than the same time this year.
  - On top of this, the price of food and other examples of everyday spending will rise on average by £1,000 through inflation.
  - Combined, this leaves a low-income family £2,550 worse off than last year\*
- The Resolution foundation estimates that **monthly energy costs for those on pre-payment meters will peak at £613 in January**; unaffordable for many, but especially significant for pre-payment meter customers who are unable to spread these costs over multiple months

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\*Resolution Foundation estimates that the cost for the typical household this financial year (2022-23) will be £3,478, up from £1,472 last year.



# **Cost increases are widely felt and will continue for several years – Govt has responded & is under pressure to do more**

- Because incomes are growing more slowly than prices, **real household incomes across the UK have now started falling**
- They are expected to fall sharply 2022-23 and also in 2023-24 before starting to recover (OBR forecasts March 2022).
- National Govt policy has tried to soften the impact:
  - £400 off energy bills
  - £650 payments for households on means tested benefits (+£300 for pensioners and +£150 for those on disability benefits)
  - £150 Council Tax rebate
  - 5p cut to Fuel Duty, increase in NICS threshold
- **The October increase in the energy price cap will see household bills rise by another 80% (Ofgem 26 August, 2022)**

# Some key factors affect Birmingham specifically

- Very **high unemployment** and **low employment** rates
- Concentration of poverty in key ethnic groups, especially **Pakistani and Bangladeshi heritage families**
- **Two-child limit** for Child Benefit and Universal Credit affecting more children born after April 2017
- **Multiple disadvantage** including from disability (which affects both chance of employment and household costs)
- Poor housing stock leads to very high levels of **fuel poverty**

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*Source for larger families in poverty: Resolution Foundation, Living Standards Outlook  
March 2022*

# Poverty particularly affects our Pakistani and Bangladeshi households

## Percentage of people in relative low income, 2017/18 to 2019/20

By ethnic group of the head of household

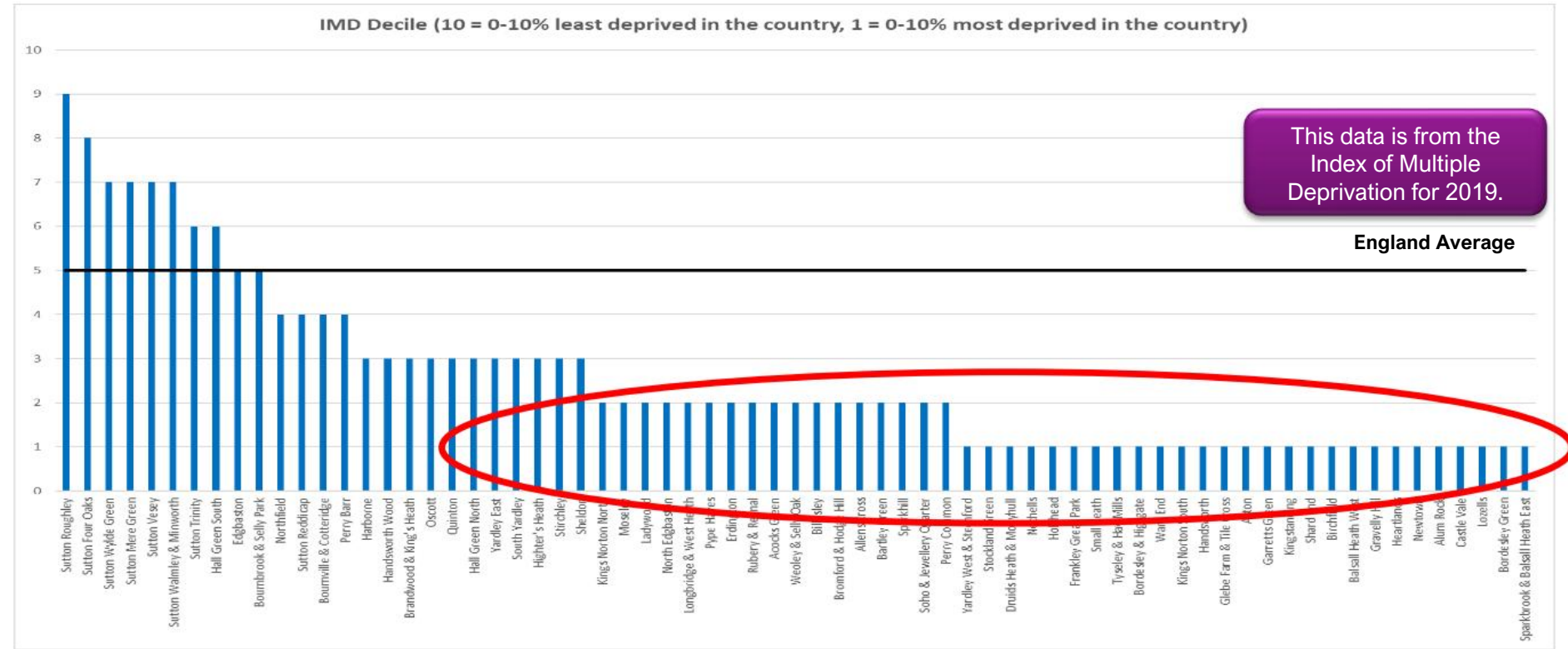


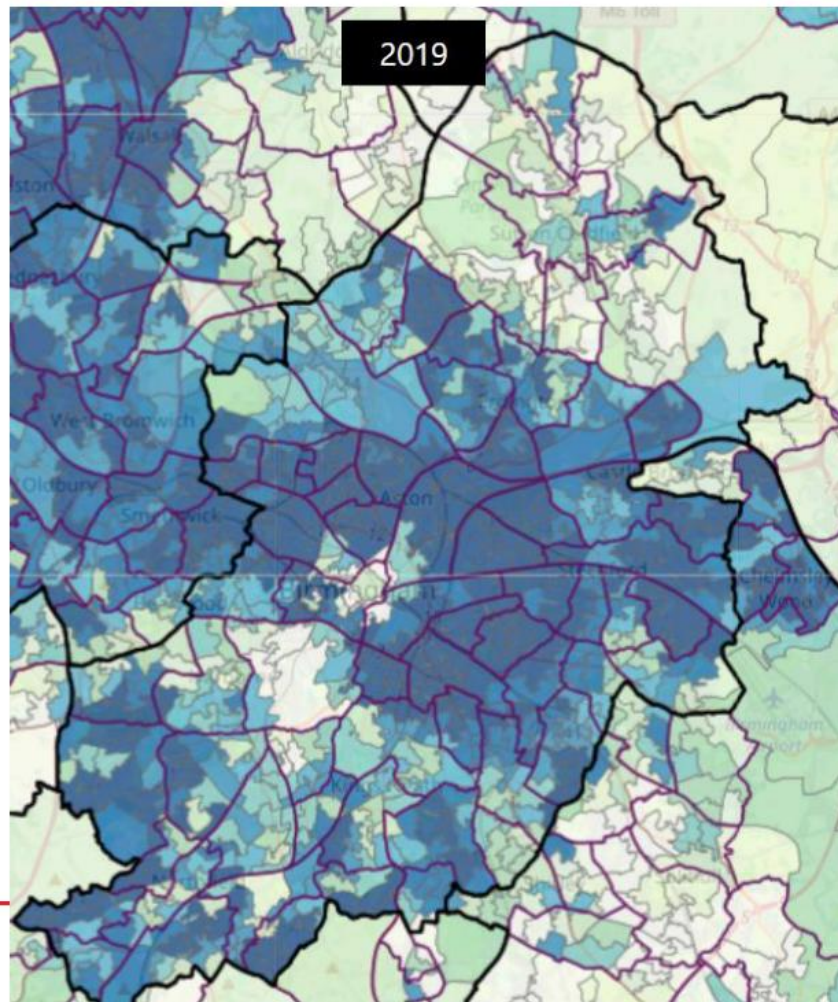
Source: HBAI 2019; House of Commons Briefing 7096

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# Almost all of Birmingham's wards are more deprived than the England average – most are in the bottom 20% nationally...

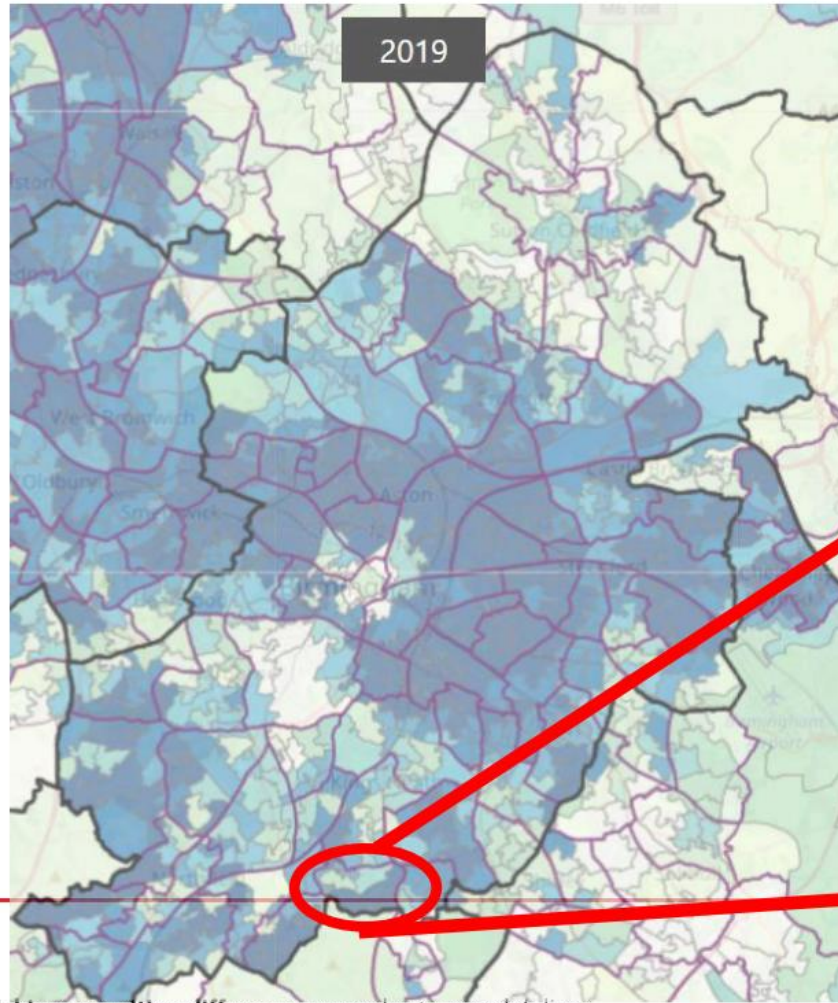




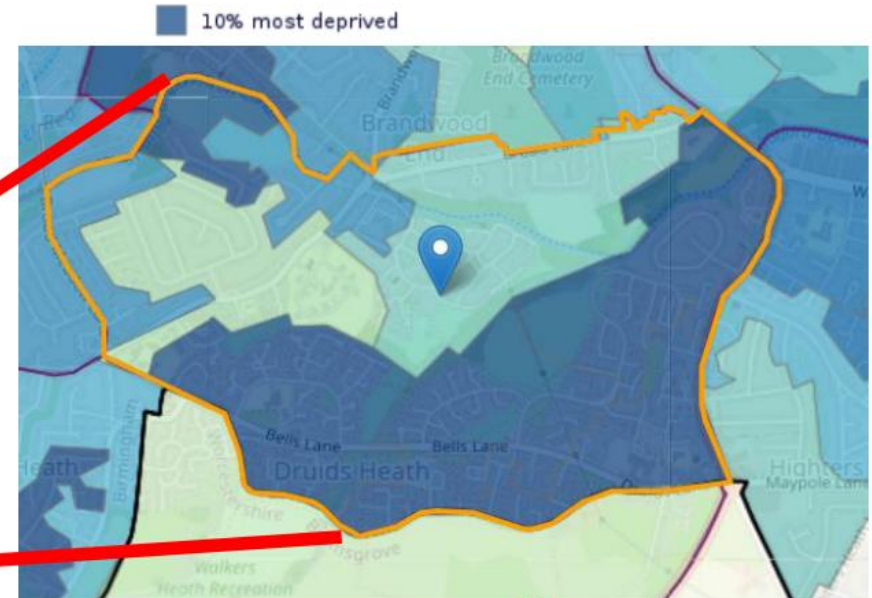
...but deprivation is also often concentrated below ward level

Source: IDACI 2019, Income Deprivation Affecting Children Index

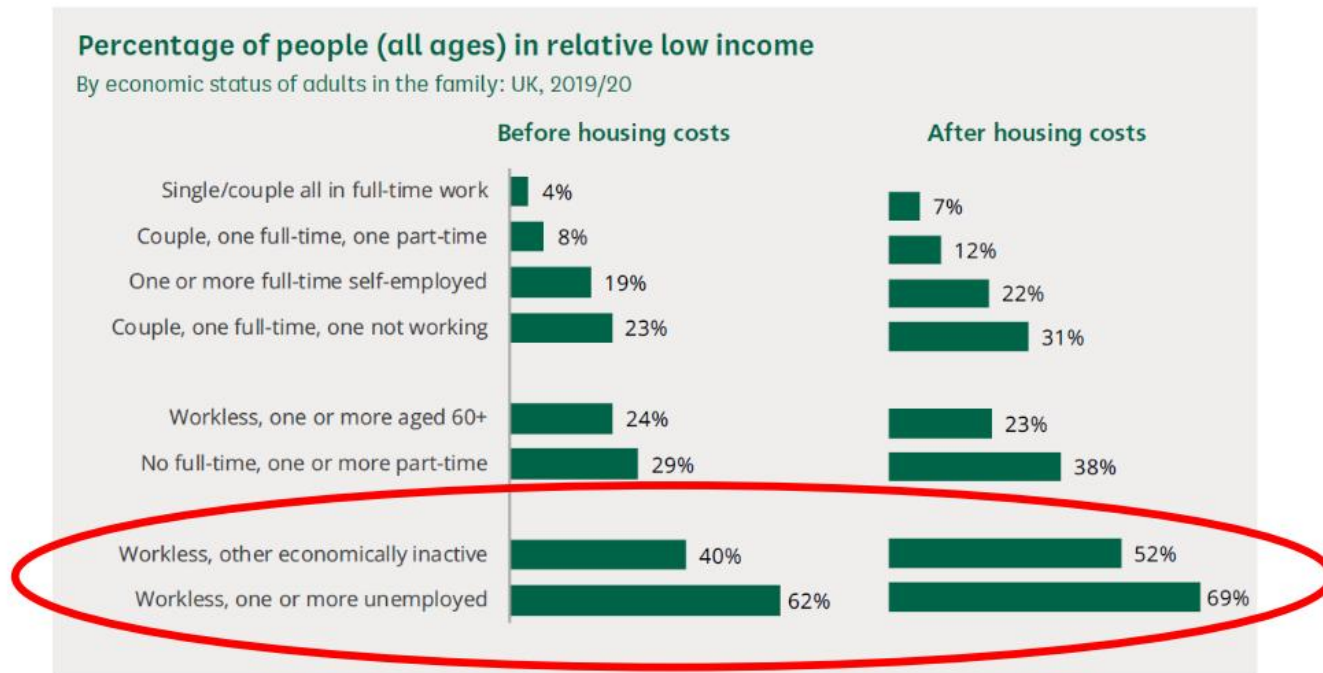




## E.g. Druids Heath and Monyhull



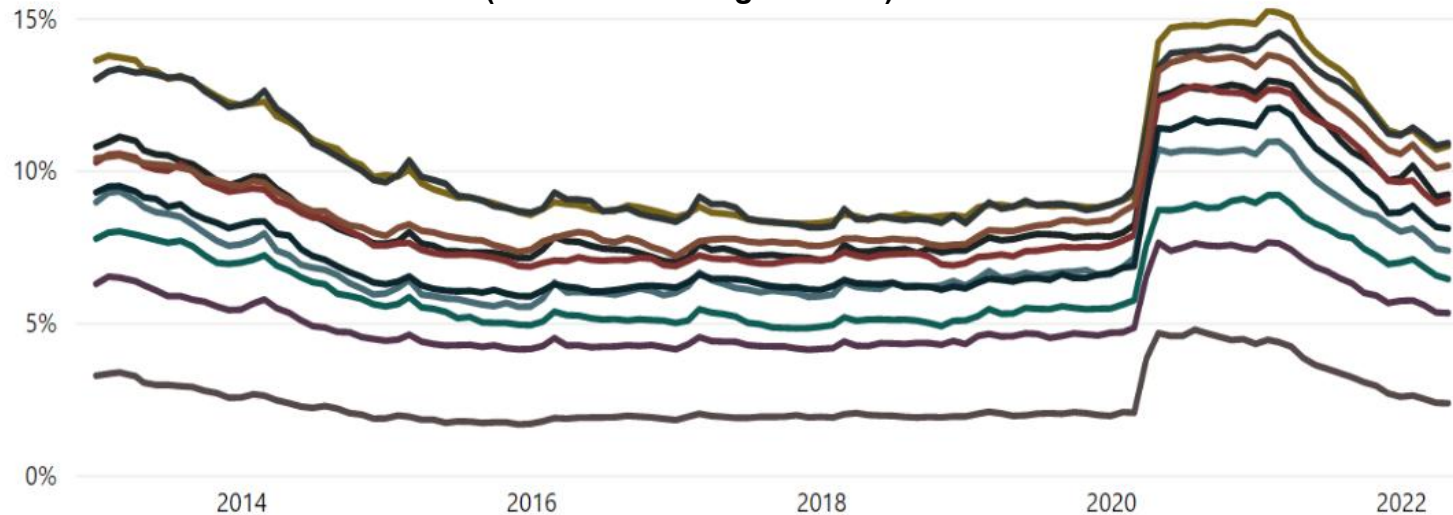
# Lack of employment is the most important factor driving poverty and cost of living pressures in Birmingham



Source: DWP, [Households Below Average Income](#), 2019/20

# Unemployment in Bham is exceptionally high and still well above pre-Covid level

Alternative Claimant Rate (% of residents aged 16-64)



Ladywood: 10.9%  
Hodge Hill: 10.8%  
Perry Barr: 10.2%  
Erdington: 9.2%  
Hall Green: 9.0%  
Yardley: 8.1%  
Northfield: 7.4%  
Edgbaston: 6.4%  
Selly Oak: 5.3%  
Sutton Cfield 2.4%

**UK May rate 3.7%**

Source: [Constituency data: people claiming unemployment benefits \(parliament.uk\)](https://parliament.uk/data/constituency-data/people-claiming-unemployment-benefits)



# Many people in Birmingham are either not looking for work, or not claiming benefits that they are entitled to

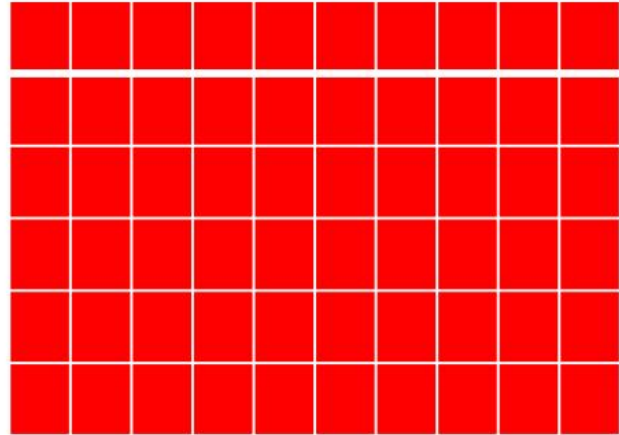
- Whilst our unemployment rate is high (these are people looking for work but not in work), a much larger number of people are not seeking to work (technically 'inactive')
  - e.g. the employment rate for Pakistani heritage women in Birmingham is approx. 35% compared to approx. 75% for all UK adults
- The main out-of-work benefit is now Universal Credit, which pays around £1000 month for a family of two adults & two children who have no other income
- We had **156,688 people** claiming Universal Credit in Bham in June, which is likely well below what people are entitled to
- DWP does not publish statistics on take-up of Universal Credit, but income support take up was around 80%. Likely huge under-claim.

# Regular benefit payments are much larger than any one-off payments, and provide continuous support

- Household Support Fund one-off payment
- Annual value of Universal Credit (2 Adults + 2 Children)



£200



£12,000 approx

# Some initial conclusions & observations to inform our response to poverty and cost of living pressures

- This is a **very large scale issue** – deep rooted, widespread across the city, and there is no quick fix
- Our **discretionary resources** are small in comparison, and we must focus them where they make the biggest impact
- We have few statutory responsibilities in this area, but should consider if our **organisational design** is right for the challenge
- In the short term **increasing uptake of benefits** is one of the few ways of making a difference at scale
- In the medium to longer-term **increasing employment** is the key to reducing poverty in Birmingham

# Our Response



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# Key areas of focus

- Inclusive growth & Levelling Up
  - East Birmingham focus in Devolution Deal
- Early Intervention and Prevention Project
  - Integrating Poverty Review?
- Birmingham Financial Inclusion Partnership
  - Strategy Refresh
- Birmingham City Partnership
  - Employment and immediate help
- Housing Strategy

# Activity is spread over many parts of the Council

- Key activities include:
  - Revenues, Benefits & Rents (e.g. Council Tax energy bill rebate, Council Tax Benefit, rent arrears)
  - Housing & Homelessness Advice
  - Neighbourhoods Advice & Information Service
  - Household Support Fund payments commissioned through Children & Families Directorate
  - BCT hardship payments
- Birmingham Financial Inclusion Partnership sits across much of this work – its strategy was for 2017-22 so a review / renew is due
- We have few statutory responsibilities in this area, and should consider if our **organisational design** is right for the challenge
- City Partnership is crucial but hard to coordinate – **key partner should be DWP** as they have by far the greatest resources

# Early Intervention & Prevention Project is mapping our existing assets – need to maximise value & impact



## BCC staff

### Digital & Customer Services

- **3** benefits advisors
- **51** contact centre advisors – benefits
- **23** contact centre advisors – housing/ homelessness

### Neighbourhoods

- **38** NAIS advisors
- **4** commissioned accredited debt advice providers e.g. CAB

### Housing

- **5** Think Family Workers
- *others tbc*



## Virtual offer

Money and housing information on the BCC website – priority to improve navigation and accessibility

### Money advice and support

If you are struggling with debt, affected by welfare reform or need assistance with budgeting, please read on for advice and support.

Where you have more bills than you can afford to pay, you may need to consider which payments to make. These should be paid about other bills or to more services.

If you do not pay your rent you risk losing your home. Therefore, it is important to make housing the priority and housing advice next priority.

Welfare advice is available to help you.

If you are a council tenant you can apply.

If you are not a council tenant you can apply.

### General housing advice

The following organisations can give general housing advice. For organisations seeking for specific needs please see some of the other advice.

On it's about personalised support and supported accommodation:

- **Birmingham**
- **City of Birmingham Housing**

### Floating Support and Supported Accommodation

View list of providers advice, accommodation and support services.

If the organisation is funded by us to provide floating support or supported accommodation then it must also be marked. Other providers may provide these services but may not be able to give advice.

Alternatively you can contact providers directly using the details below and on the following pages. If they are funded by us to provide floating support or supported accommodation then this will be marked. Other providers may provide these services but may not be able to give advice.



## Community assets

- Well-established **community assets** across the City who are meeting local demand for money and housing advice
- One example is **Witton Lodge** who's Wellbeing Hub on Erdington High Street offers face-to-face advice and support around health, employment, housing & finance
- Other examples offering advice in this space include DWP and CAB.



# Household Support Fund

- We are working with BVSC to support the 40,000 most vulnerable households with £200 payments each over the next three months, plus signposting to other help
- More than 28,000 applications totalling £4.2m were approved between December and March. 71% (19,924) of these were from households with children.
- Further funds were made available in the Chancellor's Spring Statement and £12.8m has been allocated to Birmingham City Council.
- This will be spent over the next three months through a combination of distribution of funds and application support from BVSC and other trusted third sector organisations, top ups to local welfare provision and discretionary housing support, and hardship support to families with vulnerable children
- Additional commitment of £1.3 million from BCC resources – not yet allocated



# Employment support

- Working with partners including WMCA, JobCentre Plus, LEP to enable employers to recruit local unemployed residents by connecting them with job seekers and training provision with particular focus on development schemes, e.g. Balfour Beatty Vinci, Lendlease, Winvic
- **Youth Promise Plus:** Specialist intensive mentoring for young people aged 16-19 who are not in education, employment or training (NEET). Work with 1,500 vulnerable young people in Birmingham who have significant barriers to employment, e.g. referrals from care services, YOS, WM Police
- **PURE project:** Support for people over 25 who have complex needs with entry into employment, education and training. Focused on helping people overcome barriers such as homelessness, domestic abuse, learning, physical or mental health difficulties.
- **Partnerships for People and Place:** Targeted training and mentoring for school leavers to improve access to apprenticeship and employment opportunities. This programme is funded by central government and the model is being trialled in East Birmingham.

# Public statement from partners in July

- Public statement and call to action in advance of the Commonwealth Games
- Partners include NHS & Anchor Network, Severn Trent, Barrow Cadbury, BVSC
- Three areas of focus:
  - Driving take up of benefits including CT energy rebate & Household Support Fund, signposting to help
  - New £80,000 from Barrow Cadbury to support local organisations increase take up of benefits, and learn the lessons for our own anti-poverty work
  - New commitment from Anchor Network to create 500 additional entry level job opportunities per annum to address youth unemployment