

*EAPN UK: POVERTY WATCH
2020: SUPERCHARGING
POVERTY?*



Background

This *Poverty Watch* has been produced by members of the European Anti-Poverty Network (see www.eapn.eu) in the UK. EAPN is a European network of national networks, most in EU countries, but also including Iceland, Norway, Republic of Macedonia, Serbia and the UK, as well as cross-European networks concerned with homelessness, poverty and equalities.

We believe in a Europe of democracy, meaningful participation, social justice and solidarity for people and planet. We lobby and campaign for better European and national policies to combat poverty; we research and exchange and build alliances to combat poverty and social exclusion; we support the direct participation of people experiencing poverty in policy-making and we raise awareness on the causes and impact of poverty.



What is poverty?

People experiencing poverty and social exclusion do not have adequate income, resources and access to public and private services that are fundamental to a decent life. Poverty can prevent full personal and family development and participation in social life. Poverty deprives society of people's full potential to contribute to it.

When people cannot access the living standard and style of life considered acceptable in the society in which they live, they face more difficulties in living a life in dignity, without shame, stigma, or fear.

Poverty is a denial of fundamental human rights – economic, social and cultural. People in poverty are rarely passive. They are resilient and resistant. There is a moral and political imperative to challenge poverty, with and for, people at risk of poverty and social exclusion.

Contents

Executive summary	3
1 Introduction	6
2 Poverty risks in 2020	7
2.1 Negative budgets after essentials.....	7
2.2 What about the welfare state - surely that keeps people afloat?.....	8
3 Poverty, ill-health and lower life expectancy.....	9
3.1 Capacity to live a healthy life	10
4 Covid-19 deaths	10
4.1 Covid-19 and policies to combat it: risks for people of Black and Minority Ethnic origin (BAME).....	11
4.2 Covid-19 and policies to combat it: risks for people with a disability	11
4.3 Covid-19 deaths in deprived areas in England and Wales	12
5 Unemployment and poor-quality work	12
5.1 Unemployment risk from Covid-19 and policies to combat it.....	12
5.2 Poor quality work.....	13
5.3 Discriminatory treatment at work during Covid-19.....	14
5.4 Gaps in Covid-19 support and financial stress	15
5.5 Gaps in communication about Covid-19 and policies to combat it.....	16
6 Poverty risks of a hard Brexit	17
7 Impact of Covid-19 and policies to combat it on small voluntary organisations and the people they serve.....	18
8 What are the priorities to block the pandemic and our response to it, from supercharging poverty and inequalities?	20
Appendix 1: Income and wealth inequality and poverty in the UK before Covid-19 and Brexit.....	23

Executive summary

This Poverty Watch presents the impact of Covid-19 and policies to combat it on people already more at risk of poverty and disadvantage. Using data from government and other published sources and insights from small organisations, it focuses on the elevated risks for three groups: people of Black and Minority Ethnic backgrounds (BAME); people who have a disability that limits them a lot, and people who live in areas of most deprivation. It reports on their elevated risks of dying from Covid 19, and their elevated risks of job losses, reduced hours, reduced incomes from paid work and state benefits and reduced statutory and voluntary support.

The report concludes that Covid-19 and some of the policies to combat it are having the effect of supercharging inequalities: in health and disability and by race and ethnic origin. It shows that poorer deprived areas are hit harder and that working-class men in some of the poorer regions will be hardest hit by the additional risks of Brexit. Appendix 1 presents data on poverty and inequality prior to the pandemic.

The report indicates the pandemic impact on small voluntary organisations, storing up long-term problems for some of the most disadvantaged and marginalised groups. Small organisations have radically reduced face-to-face services and have lost grant income and staff. Despite innovative on-line presences for some, they have shifted from their core work of caring, training and social and mental health support for chronically disadvantaged people, to food aid and Covid-related practical advice and support, which is funded. The most disadvantaged and marginalised clients are facing destitution, and increased risks of mental and physical ill-health and additional risks for children. People are slipping 'below the radar' and years of good work are undone. There are local authorities that are aiming to step up, flexibilising their decision-making and support to enable access by small voluntary organisations and ensuring that this includes groups supporting BAME people.

Key points

Incomes: people are in poverty because their incomes are too low. Social assistance (Universal Credit in the UK) is the income of last resort and the floor under all incomes – including for people in paid work. It has been cut so many times that for working age people it is now well below the Minimum Income Standard for a modest but decent life. Even before Covid-19, in 2018, 56% of all people in relative poverty were in paid work, and one in 8 paid workers live in in-work poverty. 6 million people in the UK are behind with everyday bills, and 'negative budgets' are becoming more widespread – i.e., people cannot pay food and rent.

During the pandemic there has been a massive rise in applications for Universal Credit (UC). But UC is not well designed to deal with fluctuating earnings and people are losing out, not gaining in lean months what they lost in good months. Proportionately more BAME people than those of white backgrounds have tried to apply for UC during the pandemic, suggesting their jobs and incomes have been hit harder.

65% of people in deep in-work poverty have had their jobs, hours or incomes cut, compared to 35% of those with incomes 20% above the poverty line. Workers in insecure work (zero-hours contracts, variable hours...) have been more than twice as likely to be furloughed during the pandemic, often without the employer top up – and 80% of too little is wholly inadequate. Agency workers have been more likely to lose their jobs. Low income self-employed people are working longer hours, for less. Bangladeshi men are most likely to report a drop in income due to Covid-19. BAME people are more likely than white groups to be insecure workers and to be low paid, to have worse job outcomes during the pandemic

and to have been forced to dip more into their savings (already only half the level of people of white backgrounds) and more have struggled to get food on the table.

Jobs: During the pandemic, low income workers have been less able to work from home and they are more likely to be in frontline jobs, therefore more exposed to Covid-19. There is a lot of overlap between covid-exposed jobs and poor-quality working conditions, e.g. in hospitality and social care sectors. Women, young people and those of BAME background are overrepresented in these sectors. A survey found more than a fifth of BAME people felt they were discriminated against in the workplace and forced into more risky roles their colleagues had refused. The risk of spreading Covid-19 is heightened by the many insecure workers who are ineligible for sick pay and the many more who cannot live on £94 per week. Migrant workers who are in the category No Recourse to Public Funds face destitution if they lose their job, and many have felt forced to carry on working with symptoms.

There is a high risk of mass unemployment and a doubling in people who are destitute and needing food when the Covid-19 support measures are removed. More deprived areas in the North and Midlands will be hardest hit, often areas already suffering from de-industrialisation of heavy industry and including coastal towns dependent on tourism. These areas will be hit again by trade costs and changes from a hard Brexit. The East Midlands is by far the worst affected region (28% of households); London is the least affected (4%) and the UK's richest region by far - the South East, has 11% of households affected.

Life expectancy and mortality: Before Covid-19, life expectancy in the UK had stopped increasing, except for richer people. It is lowest overall in Scotland and has fallen for women in deprived areas of England. Life expectancy is lowest for the poorest people. Men in deprived areas spend 16.5 years of their shorter lives in ill-health, and women 21 years. Long-term unemployed people have higher mortality rates and areas of the North-East of England have the lowest employment rates. Poor-quality work is also now understood to raise mortality rates, and regions outside London have many poor quality and low paid jobs and few good jobs.

Covid-19 deaths at the height of the pandemic (March-May 2020): More than four-fifths of people who have died of Covid-19 have been of white backgrounds. Frail older people and men are significantly more at risk than younger people and women. But the risk of dying is much greater for people with a disability that limits them a lot, people from BAME backgrounds and people living in deprived areas. At local level, people in the 10% most deprived areas of England, including a number of London boroughs, have twice the death rate from Covid-19 compared to people in the 10% least deprived areas. Even after adjusting for age, region, population density, socio-demographic, deprivation and household characteristics that differ between groups (and which in themselves need explaining), women with a disability which limited them a lot have been 2.4 times more likely to die from Covid-19, and men 1.9 times more likely to die. Adjusting for the same list of differences, Black women are 1.4 times more likely to die of Covid-19 than women from white groups and Black men, twice as likely to die. Men of Bangladeshi, Pakistani and Indian ethnic background were 1.5 to 1.6 times more likely to die. Striking is that the risks of death are even greater for younger Black men compare to men of the same age from white backgrounds, and the gaps in risk are smaller comparing deprived households of Black and white backgrounds, than they are for those on better incomes.

To prevent Covid-19 and policies to combat it from supercharging inequalities, this Poverty Watch insists on adequate income for all. That means creating good jobs in all regions, preferably though a real Green New Deal, including a national programme of sustainable social housebuilding and mechanisms to ensure poor people do not carry the burden of

paying for it. It means a higher National Living Wage (actually, the statutory minimum wage); a permanent uplift to Universal Credit and all 'legacy benefits' and to Sick Pay, benchmarked against a comprehensive adequacy standard, accessible to all. It means reversing the cuts to benefits for children and housing support. It means an end to exploitative work contracts and sustained support for poorer regions and deprived areas, and for locally available, well-funded, accessible life-long learning. It means reversing cuts to social services, and sustained support for voluntary organisations who support people in poverty, deprived communities and the most marginalised groups. Last - but not least, it means preventing the racialisation of poverty and its concentration amongst people with a disability and in areas of deprivation. This will require much stronger equalities laws and institutions and their proper implementation.

1 Introduction

UK income and wealth inequality are high and wealth inequality is rising (see Appendix 1)¹. London is the richest city in the UK, but has the highest concentrations of people in poverty, and of children needing free school meals, crowded into poor boroughs. Edinburgh is the richest city in Scotland, but 80,000 people live in poverty, including 1 in 4 children, and the gap between the rich and poor is the highest in Scotland. Both cities have enormous housing wealth and a housing crisis. What is the new normal going to be? If phrases like 'levelling up' and 'building back better' are to mean anything, it must be a focus on human welfare - social justice, equality, good jobs, sustainability and resilience for people and planet.



This Poverty Watch summarises some current aspects of poverty in the UK. As a community activist in Scotland said, the crisis is 'supercharging' existing inequalities². As the UK confronts the Covid pandemic and the end of the transition out of the European Union, Poverty Watch focuses on these new and unequal risks for poor and disadvantaged people. It shows the unequal impact of the Covid pandemic on people of Black and Minority Ethnic backgrounds (BAME) and people living with a disability. It shows the biggest impact of the new risks on health, jobs and incomes in the most deprived areas and poorest regions³.

We wanted to ensure that grassroots voices combating poverty were heard, especially those representing small community organisations, including BAME and migrant groups. These are integrated into the text. They are drawn from on-line and face-to-face meetings with member organisations of the European Anti-Poverty Network in the UK.

Appendix 1 of this Poverty Watch highlights the facts about income and wealth inequalities and poverty in the UK before the pandemic and Brexit. It reinforces that those at most risk of poverty before the pandemic and Brexit, are most at risk again.

¹ In 2019 the Institute for Fiscal Studies launched the Deaton Review, a research programme on inequalities from income, wealth and poverty, to inequalities of age and gender, how they are linked and what are the solutions; it will take several years to report and it is not clear how much they will address inequalities of race and ethnicity

² The Poverty Alliance (2020) Community organisations, community activists & Covid-19: *Poverty Alliance Briefing*, 2 June, Glasgow, Poverty Alliance

³ The data refers mainly to Great Britain, therefore excluding Northern Ireland, or solely England and Wales, for example because health is a devolved matter. We cannot without more resources do what we want, which is to report for the whole of the United Kingdom.

2 Poverty risks in 2020

People in poverty just do not have enough money to get by

2.1 Negative budgets after essentials



Partly driven by Covid-19, many more people are finding themselves unable to meet their needs amidst falling incomes. 23% of UK businesses have paused or ceased trading and 29% are 'not sure' they can survive the crisis. In Scotland, Universal Credit claims peaked at nearly 9 times the volume pre-Covid-19, and the Scottish Welfare Fund (emergency support) in Edinburgh alone experienced a 300% increase in claims during lockdown⁴. Many new claimants are seeking support with no previous

experience of the benefits' system and little knowledge of where and how to get support, at a time when many support organisations have had to reduce and change the services they can offer.

A study by Citizen's Advice⁵ says that six million people in the UK are already behind with some of their bills (1 in 9). These bills include those for credit cards and overdrafts, phone, water energy, Council Tax and rent. Over a million people are going without essentials, including food. There had been a surge in foodbank use, even before Covid-19. But the Trussell Trust network of food banks reported an 80% increase in emergency food parcels in the last 2 weeks of March, as the pandemic took hold. Families and people of BAME backgrounds are in most need. There was a 120% increase in food parcels to children⁶. Their research forecasts a doubling of destitute people needing food parcels if the job support measures and Universal Credit benefits uplift are removed⁷.

Carers, people who were shielding, key workers, young people aged 18-34, people with a disability and BAME people, are at least twice as likely as others to have fallen behind on bills. This is damaging their health and life-chances and their possibilities to avoid eviction; the debt is a drag on the whole economy as people spend less while struggling to pay back debt.

⁴ Edinburgh Poverty Commission (2020) *Poverty and Coronavirus in Edinburgh: Interim report*, May, Edinburgh, Edinburgh Poverty Commission, accessed at: www.edinburghpovertycommission.org.uk

⁵ Citizens Advice (2020) *Excess debts: who has fallen behind on their household bills due to coronavirus*, August, Citizens Advice, accessed at: <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Excess%20Debts%20-%20who%20has%20fallen%20behind%20on%20their%20household%20bills%20due%20to%20coronavirus.pdf>

⁶ Porter, I., (2020) Surge in foodbank use shows we need stronger lifelines to stay afloat, JRF, 30 April, accessed at: <http://www.jrf.org.uk/blog/surge-food-bank-use>

⁷ The Trussell Trust (2020) Executive summary: Lockdown, lifelines and the long haul ahead: the impact of Covid-19 on food banks in the Trussell Trust, September 14, accessed at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/09/the-impact-of-covid-19-on-food-banks-executive-summary.pdf>

40% of people Citizen's Advice sees are already on a 'negative budget'⁸: they cannot meet their essential living costs, such as rent and food. People with negative budgets are more likely to be women (60%), to have a disability (53%), including mental health challenges or multiple impairments, to be renters, especially private renters, and to be single people or lone parents. People with negative budgets are not 'overspending'; 90% of their money goes on fixed costs of living, like rent and utilities, largely because their incomes are lower than other people's. Negative budgets have got deeper since 2016 and nearly four in five people Citizens Advice helps have less than £100 of budget a month after essentials. 28% of people in negative budget are in full-time paid work but earn less than other people. For people not in paid work, the 4-year benefits' freeze has had the biggest impact in putting them into negative budget.

An Institute for Fiscal Studies report⁹ shows the impact of housing costs in driving risks of poverty and debt. London is the most unequal income area in Britain, and this is closely linked to high and rising property prices and rents, and lower home ownership in London than elsewhere. Housing Allowances and other housing support has been cut. Renters are most at risk, rents have risen fast, but low interest rates have kept mortgage payments down. The Edinburgh Poverty Commission reported that (in Edinburgh), 64% of people in difficulties are renters, and 31% are homeowners. Government has provided some support during Covid-19, for example deferral of eviction, but renters have had less support than homeowners.

2.2 What about the welfare state - surely that keeps people afloat?

Government spending, as a percentage of what the UK produces (GDP) has dropped from 42% of GDP to 35% of GDP, one of the lowest in western Europe. During ten years of 'austerity' politics there have been deep cuts in the security provided by the welfare state, which includes social services and social protection¹⁰.

Services are threadbare, with Central Government grants to Local Authorities severely cut in the last 10 years. Cuts have been greatest in the poorest areas (31% compared to 16% in the least deprived areas¹¹), and 'need' has been downgraded in funding formulas. Local Authorities are ever more reliant on commercial income, including fees from business rates, leisure centres and car parks, to fund services – easier to do in better-off areas – and hard to do anywhere in a pandemic.

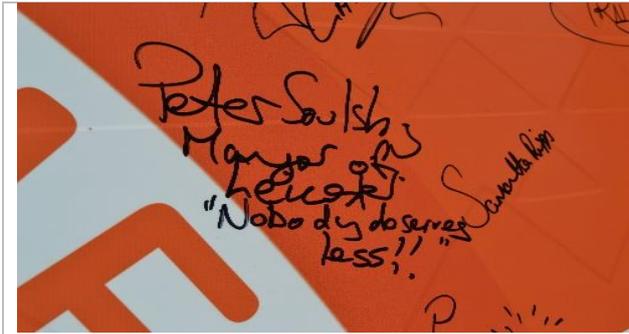
Spending on social protection and education have dropped the most of any government department – by 1.5% of GDP. Basic out-of-work benefits in the UK have relatively good coverage, with clear exceptions – such as migrant people with No Recourse to Public Funds, and clearly weaker support, for atypical workers who are not employees.

⁸ Matin, L., and J. Lane (2020) *A new perspective on poverty and household finances*, Citizens Advice, February, accessed at: [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/Negative%20budgets%20report%20-%20phase%201%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/Negative%20budgets%20report%20-%20phase%201%20(1).pdf)

⁹ Agrawal, S and D Phillips (2020) Catching up or falling behind? Geographical inequalities in the UK and how they have changed in recent years, *IFS*, August, accessed at: www.ifs.org.uk/publications/14969

¹⁰ Social protection includes social security, such as retirement pensions, and means-tested social assistance, such as Universal Credit

¹¹ Marmot, M., Allen, J., Boyce, T., Goldblatt, P., and J. Morrison (2020) *Health Equity in England: the Marmot Review ten years on*, London, Institute of Health Equity, p93, accessed at <http://www.instituteofhealthequity.org/the-marmot-review-10-years-on>



Social assistance provides for the lowest income people¹². It has been cut repeatedly. Adequacy of benefits, especially working-age benefits, is the core issue; they are amongst the lowest in Europe compared to average wages. They are nowhere near the Minimum Income Standard for a modest, decent life, as established for the Joseph Rowntree Foundation¹³.

The biggest impact on out-of-paid-work poverty has been due to the 4-year benefits' freeze (which finishes after 2020) on top of other cuts to working-age benefits, including work and housing allowances and cuts to single parent support. The two-child benefit cap and the overall benefits' cap have most affected families and are now hitting people claiming Universal Credit for the first time during the pandemic. Many Universal Credit claimants lose 63 pence in every £1 of income, due to clawback of means-tested benefits. But the top rate of income tax, for those earning more than £150,000 a year, is 45%, and tax on wealth and profits is much lower than that.

There is a hostile environment in the operation of the system, in government and media speech about benefits' recipients and the way means-testing and sanctions rapidly impoverishes people. No matter how long you have paid in, means-tested job-seekers' allowance kicks in after 6 months of unemployment benefit, and no matter how long they have paid in, anyone out of work with a working partner is likely to find themselves ineligible for benefits and struggling to keep their home and family.

Young people, especially teenagers, have limited access to benefits and to housing support - up to age 35, they will only get support to rent a room in a shared house. Low benefits and harsh sanctions drive people onto the labour market and into any kind of work, whether or not it is sustainable, is enough to lift them out of poverty in work, can maintain their health, or not.

3 Poverty, ill-health and lower life expectancy

The UK Government has put more money into health services in the last year or so, and promised to put in more again, but it has to be focused on health equity.

Health in the UK has got more unequal over the last 10 years. Life expectancy had been increasing year on year. Now, it is only increasing in richer areas and the gap in life expectancy between richer and poorer people has got bigger. Scotland has the lowest life expectancy in the UK. In England, life expectancy for women has fallen in the 10% most deprived areas, and for men had fallen in some of those areas. In deprived areas outside

¹² Social assistance includes 'legacy benefits', such as Income Support and Employment and Support Allowance, and the replacement for the 6 legacy benefits (still underway), Universal Credit. It supports people of working age who are out of work and have no other source of income, or who are in very low paid work and get a top up, as well as the Minimum Income Guarantee, for pensioners only, which tops up low retirement income.

¹³ Davis, A., Hirsch, D., Padley, M., and C. Shepherd (2020) *A minimum income standard for the United Kingdom in 2020*, JRF, July 8, accessed at <https://www.jrf.org.uk/report/minimum-income-standard-uk-2020>

London, people spend more of their lives with chronic ill-health and disability. By 2015-17, men on average were spending 16.5 years of their lives disabled, and women, 21 years¹⁴.

3.1 Capacity to live a healthy life

There is much media chatter about lifestyle causes of ill-health, ignoring structural inequalities. People in poverty face much bigger risks of ill health and are more likely to live in areas with high air pollution, and to have more ill-health that is exacerbated by poor air. In urban areas, people in poverty are more likely to lack clean green spaces near their homes¹⁵.

Healthy food is often out of the reach of the lowest income families. People seeking asylum have only £37 a week for food, transport and toiletries and may live miles from a shop that takes their vouchers. People in temporary accommodation may have no access to a cooker. People working long, unsocial hours, often for more than one employer, can find the fresh food shops shut, or are too tired to cook before the next job.

Poorer people face unmanageable stress. Now there is the extra stress of the Covid-19 pandemic, but access to publicly provided mental health care is increasingly difficult. In 2018 already half of all children waited 4 months for an initial assessment from Child and Adult Mental Health Services and half of children also waited more than 4 months to access treatment after assessment. 1 in 12 children waited more than a year¹⁶. Even when they get the service it may not be provided by child specialists.

4 Covid-19 deaths

Between March and July 2020, the ONS recorded 51,831 deaths in England and Wales that involved Covid-19¹⁷, 20% of all deaths. Men are more likely to die than women. Older people and people with co-morbidities (for example diabetes, dementias) are most at risk. 40% of people who have died with Covid-19 were residents of care homes. Discharge from hospital to care homes without a test, reduced access to health care for other conditions, lack of access to protective equipment and transmission within care homes from staff and the community have resulted in a personal and public health disaster which must be accounted for.

Below, this Poverty Watch focuses on evidence of higher risk for three groups most at risk of poverty: BAME people, people with a disability, and people who live in deprived areas.

¹⁴ Marmot, M., Allen, J., Boyce, T., Goldblatt, P., and J. Morrison (2020) *Health Equity in England: the Marmot Review ten years on*, London, Institute of Health Equity, figure 11, p25, accessed at <http://www.instituteofhealthequity.org/the-marmot-review-10-years-on>

¹⁵ European Environment Agency (2020) *Healthy environment, healthy lives: how the environment influences health and well-being in Europe*, EEA Report No 21/2019, Luxembourg, EEA

¹⁶ Young minds (2018) New figures on CAMHS waiting times, Young Minds, 30 August, accessed at: <https://youngminds.org.uk/blog/new-figures-on-camhs-waiting-times/>

¹⁷ This is a larger figure than published by the Department of Health and Social Care because of differences between death and time of reporting of death and because of wider inclusion criteria, for example, death in which Covid-19 played a part and not only those who died within 28 days of a positive test

4.1 Covid-19 and policies to combat it: risks for people of Black and Minority Ethnic origin (BAME)

The ONS has reported on deaths from Covid-19 by race and ethnic origin from 2 March to the 15 May¹⁸. Of people who died from Covid-19, more than four-fifths were from white backgrounds and twice as many were men as were women. However, the BAME minority population have a much greater risk of dying than people of white backgrounds. According to the ONS, Black men were 3.3 times more likely to die than men of white backgrounds, and 4.7 times more at risk if they were aged between 9 and 64. Black women were 2.4 times more likely to die than white women.

The explanation for Covid-19 striking BAME people so hard is multifaceted, and still provisional. There are regional, population density, socio-demographic, deprivation and household characteristics that are different between BAME and white groups. These require explanation of themselves. But even when the ONS adjusted for them, Black men were still twice as likely to die as white men, and Black women 1.4 times more likely to die. Using the same adjustments, men of Bangladeshi, Pakistani and Indian ethnic origin were 1.5-1.6 times more likely to die than white men, but there were no differences by ethnic origin for women.

An important feature of the ONS 'hazard ratios', which work out risks, is that the gap in death rates for BAME and white groups is smaller for deprived households than for households that are not deprived, or that have a member with a degree. Similarly, adjusting for differences in co-morbidities and key worker status, widens the gap in death rates. Being of BAME background, healthy, having a good enough income, and not being a keyworker, is not a protection from Covid-19; there is clearly more to explain.

4.2 Covid-19 and policies to combat it: risks for people with a disability

For the same period, March to May 2020, the ONS reported that people with a disability which limited them 'a lot' were more likely to die of Covid-19 related illness than people without a disability, given their age¹⁹. Women with a disability were 4 times more likely to die than women without a disability, and men, almost 3 times more likely. If the figures are further adjusted, for sociodemographic and household characteristics, region and population density, then women with a condition which limited them a lot were 2.4 times more likely to die and men, 1.9 times more likely to die.

Coronavirus and policies to combat it have affected almost everyone's well-being, but people with a disability have been hit harder. The ONS²⁰ reported that a quarter of people with a disability had cuts in their medical treatment due to Covid-19, only receiving treatment for some of their conditions, compared to 7% of people without a disability. Disabled people are almost twice as likely to report an impact on their well-being. 46% of people with a disability, compared to 18% of people without a disability, said this was because it affected their

¹⁸ White, C., and V. Nafilyan (2020) Coronavirus (Covid-19) related deaths by ethnic group, England and Wales: 2 March 2020 to 15 May 2020, ONS, updated 19 June, accessed at: <https://www.ons.gov.uk/peoplepopulation/birthsdeaths>

¹⁹ White, C., and V Nafilyan (2020) *Article: Coronavirus (Covid-19) related deaths by disability status, England and Wales, 2 March to 15 May 2020, ONS*, accessed at: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/articles/coronavirusand19relateddeathsbydisabilitystatusenglandandwales/2marchto15may2020>

²⁰ ONS (2020) *Coronavirus and the social impact on disabled people in Great Britain: July 2020*, updated 20 August, ONS, accessed at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/articles/coronavirusandthesocialimpactsondisabledpeopleingreatbritain/july2020>

mental health. People with a disability were much more likely to report being alone, feeling lonely, having no-one to talk to and feeling they are a burden (more than three times as many disabled people reported feeling like this). Working-age people with a disability who are out of paid work are mainly receiving 'legacy' benefits (i.e. not yet moved onto Universal Credit) such as Employment and Support Allowance, so they do not get the £20 a week uplift to Universal Credit, introduced for people losing their jobs due to the Covid-19 pandemic policies.

4.3 Covid-19 deaths in deprived areas in England and Wales

Regionally, during the period March to May 2020, the ONS²¹ showed that the heavily populated South-East of England had the highest *number* of deaths, but London had the highest *proportion* of Covid-19 deaths relative to all deaths in London (30.6%). Standardised for age structure, London had the highest mortality rate from Covid-19, 143.4 per 100,00 of population.

Urban areas have higher death rates than rural areas, with sparsely populated rural areas having the lowest age standardised mortality rates and major urban conurbations the highest rates.

Using the Index of Multiple Deprivation (a different one in each of England and Wales) shows that the poorer the area, the higher the age standardised death rate from Covid-19. The 10% most deprived areas of England have more than twice the mortality rate of the 10% least deprived; in Wales, the 20% most deprived areas have nearly twice the rate of the least deprived areas. Although the least deprived areas had much lower all-cause mortality, the gap was even greater for Covid-19 deaths.

5 Unemployment and poor-quality work

Before Covid-19, the UK had its highest ever employment rate (76% of people of working age) and a relatively high statutory minimum wage set at 60% of median earnings (the median earner is the one in the middle of the rank order of pay). But one in 8 paid workers in the UK lives in poverty²².

5.1 Unemployment risk from Covid-19 and policies to combat it

Long-term unemployed people have higher mortality rates. The North East and Yorkshire and Humberside have lower employment rates, as do women compared to men, BAME people, single parents and people with disabilities – and these gaps in employment rates may be widening health inequalities. Available and accessible good work would contribute to better health. The UK Government says the sanctions regime for people on benefits is designed to stimulate people into paid work (assuming they didn't want to work); but a University of York²³ study over 5 years to 2018 showed sanctions do not work; it is positive and well-targeted support that helps people find sustainable jobs. Instead, the stress of the sanctions regime for people on benefits may be contributing to sickness and to deaths of

²¹ Caul, S., (2020) Deaths involving Covid-19 by local area and socio-economic deprivation: deaths occurring between 1 March and 32 July 2020, ONS, 28 August, London

²² McDonald, R., and Sandor (2020) *Making work secure: unlocking poverty and building a stronger economy*, JRF, July, accessed at: www.jrf.org.uk

²³ Department of Social Policy and Social Work Welfare conditionality project 2013-2018, (2018) *Final findings report*, University of York/ ESRC, June, accessed at: <http://www.welfareconditionality.ac.uk>

despair²⁴. We now know too, that bad work – poor quality, stressful, with low pay and bad conditions - can be worse for health than no work²⁵.

Unite, the largest UK trades union²⁶, raised a risk of mass unemployment after the Job Retention scheme and other support ends in October. Companies in the UK facing cash flow crises are not able to borrow or to pay back borrowings in the 12-month horizon. Unite have particular concerns about the aviation industry, wider public transport and public services, and are concerned about the additional impact of a bad or no deal Brexit. The Office for Budget Responsibility expects 12% of workers to be unemployed by the end of 2020.

A study for the Joseph Rowntree Foundation²⁷ shows that there will be places harder hit because they have a concentration of jobs in sectors that have suffered most from Covid-19 and policies to combat it. Many already deprived areas of the North and Midlands of England are forecast to have unemployment of 16% or more. People in insecure jobs are likely to be sacked first and the chances of finding another job are lower in the North and Midlands of England. Four outer London boroughs are also expected to have unemployment of 17% to 18%, because of their industrial structure. Some have higher vacancy rates than in the North and Midlands of England, but these vacancies may not match the skills of those becoming unemployed.

Blackpool is already a very deprived area, and 1 in 8 of its jobs are in the hard-hit tourist sector. Blackpool is forecast to have the highest peak unemployment rate (21%). Rural coastal areas dependent on tourism will struggle to be resilient in a job's crisis. A member of the European Anti-Poverty Network illustrated the problems in Withernsea, in the North-East of England. It is a small rural coastal town. It has a population half of whom are economically inactive (half of them retirees); 28% of people have a limiting long-term illness and 33% of children live in poverty. 33% of households have no car; there is a bus service, but local people find it costly, and there is no railway. Young people can find it is not cost effective to travel outside the area to work and are therefore more likely to be unemployed or to move away.

5.2 Poor quality work

Compared to other rich countries in Europe, the UK has for decades had a long tail of low-paid, low-quality, insecure work, with low investment by employers in retaining their workforce, improving their skills or offering them chances of promotion. This is linked to the UK's low productivity, reinforcing a vicious circle of holding down wages and promoting precarious working conditions. These include zero-hours contract workers (banned in some other European countries), agency workers, temporary workers and the 2 million low paid self-employed people. Women, young people and BAME people are most likely to work in sectors, such as hospitality (with many self-employed), and social care (where half the staff are agency workers). There is a lot of overlap with sectors most exposed to Covid-19. 27% of women work in shut down sectors, compared to 16% of men; two-thirds of single parents

²⁴ Case, A., ad A. Deaton (2020) *Deaths of despair and the future of capitalism*, Princeton New Jersey Princeton University Press

²⁵ Chandola, T., and N. Zhang (2018) Re-employment, job quality, health and allostatic load biomarkers: prospective evidence from the UK household longitudinal study, *International Journal of Epidemiology*, 47(1), February

²⁶ Unite response to Treasury Committee call for evidence on the economic impact of Coronavirus, Unite, accessed at: <https://www.politicshome.com>

²⁷ Innes, D., McDonald, R., and S. Bennett (2020) Targeted action for parts of Britain at risk of surging unemployment, 7 August, *JRF*, accessed at: <https://jrf.org.uk/blog/targeted-action-parts-britain-risk>

work in the most at-risk sectors for health and economy²⁸. BAME workers are 47% more likely to be on a zero-hours contract and less likely to have a permanent contract than white workers²⁹. These workers are likely to be at greatest risk of redundancy. Bangladeshi groups seem most exposed to income risk: they were twice as likely as Black Caribbean and white groups to report loss of income since Covid-19³⁰.

Partly because of the occupations and sectors they work in, insecure workers are more likely to have been furloughed under the Job Retention scheme - one quarter of those on zero hours contracts and 28% of those with variable hours, compared to 12% of permanent salaried workers³¹. Half of arts and leisure workers have been furloughed. Agency workers have been more likely to lose their jobs.

Self-employed workers have lower average pay than employees and are more likely to have no-one working for them than in earlier years. There are close to 5 million self-employed, 2 million of them low paid, and some of it is 'bogus' self-employment, where workers in practice have their work controlled by one provider. A 2020 survey showed self-employed workers and variable hours workers were working more and earning less: 75% of the self-employed; 66% of temporary workers and 66% of workers with variable schedules; this compares to 26% of permanent salaried employees³².

Overall, polling shows 65% of people who lived in deep in-work poverty before the pandemic have lost their jobs or had their hours and incomes cut, compared to 35% of those with incomes 20% above the poverty line³³.

5.3 Discriminatory treatment at work during Covid-19

Unite the union reported a disproportionate effect of Covid-19 on Black and Asian ethnic minority workers, discrimination against workers with a disability, and having to fight cases of discrimination against pregnant workers. Unite referred also to problems around childcare, uncertainty about arrangements for children returning to school, the need for extra funding not only for school meals but for childcare and nursery provision, and the need for parental leave support for those unable to return to paid work to prevent them from being made redundant first³⁴.

A survey for Runnymede Trust found BAME adults were more likely to be working outside their home (33%) than white groups (24%), especially people from Black African groups (41%). 26% of BAME people compared to 10% of white people said they had used public

²⁸ Gufstasson M., and C. McCurdy (2020) Risky business: economic impact of the coronavirus on different groups of workers, *Resolution Foundation Briefing*, April, accessed at: <https://www.resolutionfoundation.org/app/uploads/2019/10/Risky-business.pdf>

²⁹ Bowers, G., and M. Henderson (2020) *Race inequality in the workforce: exploring connections between race, ethnicity and mental health*, London, Carnegie UK Trust, UCL Centre for Longitudinal Studies and Operation Black Vote Report

³⁰ Haque, Z., Becares, L. and N. Treloar (2020) *Over-exposed and under-protected: the devastating impact of Covid-19 on Black and Minority Ethnic Communities in Great Britain*, August, London, Runnymede

³¹ Adams-Prassl, A., Boneva, T., Golin., M., and C. Rauh (2020) Inequality in the impact of the coronavirus shock: new survey evidence for the UK, *Cambridge Working Papers in Economics 2023*, University of Cambridge, accessed at <http://www.econ.cam.ac.uk/research-files/repec/cam/pdf/cwpe2023.pdf>

³² Adams-Prassl, A., Boneva, T., Golin., M., and C. Rauh (2020) Inequality in the impact of the coronavirus shock: new survey evidence for the UK, *Cambridge Working Papers in Economics 2023*, University of Cambridge, accessed at <http://www.econ.cam.ac.uk/research-files/repec/cam/pdf/cwpe2023.pdf>

³³ Social Metrics Commission (2020) *Measuring poverty 2020: a report of the Social Metrics Commission*, SMC, July, p3, accessed at: <https://socialmetricscommission.org.uk/wp-content/uploads/2020/06/Measuring-Poverty-2020-Web.pdf>

³⁴ Unite response to Treasury Committee call for evidence on the economic impact of Coronavirus, Unite, accessed at: <https://www.politicshome.com>

transport at least once a week since the crisis began. Pakistani and Indian groups were most likely (20%) to say they had been given tasks which may have exposed them to the coronavirus and 10% of BAME key workers believed they had been subjected to discriminatory or unfair treatment because of their ethnicity³⁵.

In June 2020, the Trades Union Congress (TUC) asked for evidence from BAME workers about their experience in the pandemic³⁶. Of the 1200 who replied, one in 5 said they had experienced unfair treatment because of their ethnicity. One in 6 said they had been put more at risk of Covid-19, for example by being asked to do frontline work that colleagues had refused. Others said they had not had proper Personal Protective Equipment or had been refused a risk assessment.

Migrant domestic workers face additional risks of exploitation and abuse during Covid, when employers may choose to sack them, either from fear of Covid, financial difficulties or other. Kalayaan, a charity for migrant domestic workers, has evidence of dismissal without cause, and risk of homelessness and destitution, given some of these workers' specific visa status of Overseas Domestic Workers, putting them in the group with No Recourse to Public Funds³⁷.

5.4 Gaps in Covid-19 support and financial stress

There are significant gaps in the UK job support schemes for employees (JRS) and the self-employed (SEISS). 3 million people are not covered - including workers who were starting new jobs and are ineligible for furlough; those who are self-employed and pay themselves through company dividends, and those who do a mixture of work self-employed and as part-time employees, as is often the case in the hospitality industry.

Insecure workers often have fluctuating earnings, made more likely during the pandemic and policies to combat it. But Universal Credit, which tops-up low wages as well as providing incomes for unemployed people with no other resources, is not well designed to handle variable earnings; people do not make up in lean months, what they lose in reduced benefits during good months. The Poverty Alliance³⁸ also reported challenges in accessing Universal Credit as telephone lines were overwhelmed due to the numbers applying, and lack of access to Universal Credit for students who have lost their jobs but have neither children nor a disability.

The risk of spreading Covid-19 is heightened by ineligibility for sick pay (for example too low hours, too low income) or being unable to take time off sick, because Statutory Sick Pay of around £94 a week, does not pay the bills. 43% of workers without access to sick pay were likely to work with symptoms of Covid-19, compared to 31% who are eligible for sick pay³⁹. The UK Government has extended sick pay to some of those previously ineligible, who are required to self-isolate, but in areas of local lockdown only, and £13 a day remains inadequate.

³⁵ Haque, Z., Becares, L. and N. Treloar (2020) *Over-exposed and under-protected: the devastating impact of Covid-19 on Black and Minority Ethnic Communities in Great Britain*, August, London, Runnymede

³⁶ TUC (2020) Dying on the job: racism and risk at work, *TUC*, June, accessed at: <https://www.tuc.org.uk/sites/default/files/2020-06/Dying%20on%20the%20job%20final.pdf>

³⁷ Kalayaan (2020) Letter to the Minister for Immigration and the Minister for Safeguarding, April 4, accessed at: <http://www.kalayaan.org.uk/wp-content/uploads/2020/05/Letter-to-Government-17.04.2020.pdf>

³⁸ The Poverty Alliance (2020) National Organisations and the impact of Covid-19: *Poverty Alliance Briefing*, April 22, Glasgow, The Poverty Alliance

³⁹ Adams-Prassl, A., Boneva, T., Golin., M., and C. Rauh (2020) Inequality in the impact of the coronavirus shock: new survey evidence for the UK, *Cambridge Working Papers in Economics 2023*, University of Cambridge, accessed at <http://www.econ.cam.ac.uk/research-files/repec/cam/pdf/cwpe2023.pdf>

The 3.9 million UK BAME workers are significantly more likely to be in atypical work than white colleagues. With on average lower pay, more insecure work and higher unemployment, BAME workers are more likely to be under severe financial stress than white colleagues, and less able to refuse employer demands, putting them at even greater risk when the pandemic struck. On average BAME people have 50 pence in savings for every £1 of white British savings (Black African and Bangladeshi households have 10p). The Runnymede survey⁴⁰ found that BAME people were having to resort to savings to fund day-to-day spending more often than white groups, finding it harder to pay bills and rent (15% vs 8%), having to borrow from family and friends, and skipping meals due to lack of money (7% vs 2%). BAME people were twice as likely to have applied for Universal Credit, or tried to apply, since the beginning of the coronavirus pandemic (21% vs 10%).

Migrant Voice⁴¹ reported that people who are migrants felt compelled to work even when vulnerable if they had visas with No Recourse to Public Funds (NRPF). The Poverty Alliance noted the pandemic has made things worse for women with NRPF who are seeking to leave abusive partners⁴². Some destitute refused asylum seekers have applied for Section 4 support, but there are long delays, and many charities that used to support them have no or a restricted service during the pandemic. During lockdown, many people had to file immigration applications, but had no face-to-face access to Home Office staff, no access to solicitors, and difficulty in collecting the documentation required, which has to be under 6 months old. Migrants who have fallen ill with Covid-19 may have no wider family here, and no local support, which is especially difficult for single mothers.

5.5 Gaps in communication about Covid-19 and policies to combat it

There is inadequate communication to some communities about Covid 19 regulations and access to support during Covid 19, though the Scottish Government has addressed some issues that were affecting people with a disability.

In summer 2020, a survey for the Runnymede Trust⁴³ showed that just 44% of BAME people, compared to 62% of white people, knew that people out of paid work due to the crisis could claim Universal Credit and 34% of BAME people, compared to 52% of white people, knew that you could claim Statutory Sick Pay from the first day of self-isolation due to Covid-19 symptoms.

Migrant Voice reported that language barriers, worsened by lack of accessible English as a Second Language provision, and lack of provision for the elderly, meant public health and other Covid-19 information, including for business support, did not reach all communities⁴⁴. They found also that some people are concerned that accessing financial help could affect their immigration status, as the spousal route depends on financial eligibility and not being in receipt of support. People heard they were high-risk if of BAME background, and some were afraid, and also felt others were afraid of them, and there is stigma, creating high levels of stress.

⁴⁰ Haque, Z., Becares, L. and N. Treloar (2020) *Over-exposed and under-protected: the devastating impact of Covid-19 on Black and Minority Ethnic Communities in Great Britain*, August, Runnymede

⁴¹ Migrant Voice (2020): submission to the Women and Equalities Committee for its inquiry on: Unequal impact? Coronavirus and BAME people, July, London, Migrant Voice

⁴² The Poverty Alliance (2020) Community organisations, community activists & Covid-19: *Poverty Alliance Briefing*, 2 June, Glasgow, Poverty Alliance

⁴³ Haque, Z., Becares, L. and N. Treloar (2020) *Over-exposed and under-protected: the devastating impact of Covid-19 on Black and Minority Ethnic Communities in Great Britain*, August, London, Runnymede

⁴⁴ Migrant Voice (2020): submission to the Women and Equalities Committee for its inquiry on: Unequal impact? Coronavirus and BAME people, July, London, Migrant Voice

6 Poverty risks of a hard Brexit

The transition out of the EU ends on 31 December 2020, and there are few positive signs of a comprehensive post-Brexit agreement.

Using the EU's 'social scoreboard' and its assessment of key social challenges, we can compare the UK to our former partners in the EU⁴⁵. Overall, the UK is a middling to good performer in the social field, compared to the EU average, though not compared to other rich countries in the EU. The UK is below the EU average on poverty rates.

General government health spending in the UK is above the EU average, but we have a relatively high unmet need for medical care, due to long waiting times rather than cost. General education spending is just above the average. The UK has high participation in tertiary education but is a poorer performer on the proportion of young people not in education or employment. The UK has high employment rates, yet a relatively high share of children living in households with very few hours of paid work and a relatively high gender wage gap for women in part-time work. Social protection spending is below the EU average. The UK's income poverty rate is rising and is worse than the EU average and below other wealthy EU countries. In-work poverty is also above the EU average. The UK performed better on severe material deprivation⁴⁶, but below Germany and France. What the UK does spend on working age benefits is relatively effectively spent on poverty reduction but is less effectively targeted at lifting children out of poverty, and the increasing numbers of poorer self-employed people are not well-covered by the system.

Whatever new opportunities arise after the Brexit transition, there are going to be increases in the cost of trade with our former EU partners. The Institute for Fiscal Studies⁴⁷ has said that the most exposed industries to new trade costs will be clothing and textiles, chemicals, transport equipment and food and drink manufacturing. Direct exposure is not the only issue, there will be indirect exposure throughout the supply chain and for service industries which support exporters and importers.

Export-oriented industries are disproportionately likely to employ male 'blue-collar' workers, such as machine operatives and skilled manual workers. While some might find jobs in other sectors or in other regions, previous evidence is that low income workers are less mobile – they are less able to get and take jobs (housing and transport and training costs) in different sectors or regions. Since wages are a bit higher in trading industries, those who do find another job are likely to get a lower wage. The evidence of the long-term consequences of deindustrialisation during the Thatcher government, are all around us.

The worst hit workers will be in those regions where export industries are concentrated, which is in the poorer regions, outside London. The East Midlands will be much the hardest hit (28% of households), followed by Scotland and the North West of England, then the North East and Midlands of England. London (4%) and the South East of England (11%) are least affected.

⁴⁵ See: <https://composite-indicators.jrc.ec.europa/social-scoreboard/explorer>

the most recent comparative data for many indicators is 2016, though employment indicators are more timely

⁴⁶ An updated measure will be used after 2020, the current measure does not distinguish well between rich countries

⁴⁷ Griffith, R., Levell, P., and A.N. Kieller (2020) *Working Paper 20/25: Potential consequences of post-Brexit trade barriers for earnings inequality in the UK*, IFS, March 24, accessed at: www.ifs.org.uk/publications/14973

After the impact of Covid-19, will a hard or no deal Brexit be a second supercharge to inequality and poverty?

7 Impact of Covid-19 and policies to combat it on small voluntary organisations and the people they serve



Many charities and other voluntary organisations have seen their incomes fall during the Covid-19 pandemic and policies to combat it. Large organisations have lost income from shop sales and donations, and larger and smaller ones are losing grants for services they can no longer provide face-to-face. Organisations are struggling both to advertise new on-line services, and for their client groups to be able to access them.

Need is rising and resources are falling everywhere, even at the most basic level of food insecurity. A member of the European Anti-Poverty Network in England reported that from March 2020, a foodbank in the small town of Glossopdale in Derbyshire in the East Midlands had a 300% rise in referrals compared to 2019. They ran low on stocks and have struggled to find the extra resources to replenish their stores. The foodbank is finding its situation unsustainable. This spring, the schools in Derbyshire have had a 600% increase in demand for Free School Meals (for the poorest families). If the voucher scheme for families in need affected by the Covid-19 crisis is withdrawn in the autumn, organisations such as Feeding Derbyshire will really struggle to fill the gap.

Despite increased central Government funding for NGOs (voluntary and charitable organisations), it is only one-quarter of what is needed, and many are facing a 3 to 6 months' horizon before they are bankrupt. The new money is for direct front-line Covid-19 services, is often competitively tendered and so is inaccessible to many, especially, smaller, voluntary organisations dealing with chronic disadvantage, poverty and destitution.

For this report, three small London voluntary organisation supporting BAME people were interviewed by a member of the European Anti-Poverty Network in the city, about the impact of Covid-19 on them and their work. It highlights the precarious situation of both the clients and the organisations, the shift to provision of basic needs such as food, and the risk to ongoing anti-poverty work, but with some successes in adapting to the changed circumstances.

- The *Children and Family Empowerment Foundation* have found during Covid-19 they are dealing with high job loss, high food needs, home schooling and mental ill-health. Their staff were having to work from home. They lost funds related to face-to-face activities, had to reduce their staffing and are having ongoing problems of withheld funding. Because their office was closed, they had to do food distribution in a local park, without privacy for clients or the ability to talk about other problems. They have had Local Authority support to deliver food, but most of it is not hot, and have also been able to get homeless families into housing, although temporary; those who were refugees and asylum seekers had mostly lost their jobs in the informal economy, and risked destitution. The major loss for the organisation's work has been in their core mission of supporting families with parenting skills and supplementary schooling, and a lot of time has been diverted to assessment interviews for clients to enable them to get access to Covid-19 support. New areas of work are in befriending undocumented migrant families who have lost their jobs and supporting clients bereaved due to Covid-19. They believe poverty is a key driver, as people had to work during the pandemic to feed their families, even when ill, and had no IT resources to access Government information.
- **London Senior Social** works with people aged over 55, with a mobile unit providing activities and door-to-door pick-up, aiming to cut social isolation and provide social therapy. Covid-19 had an immediate effect on services – it made them 'irrelevant and obsolete'. Their support staff lost their incomes, as there was no work for them, and could not be furloughed as they were self-employed. They fear some of their funding will be clawed back, as they could not deliver their targets and timelines. They have turned to providing a new service, that has Local Authority funding – providing hot food preparation and distribution. They had challenges adapting to the health and safety requirements but are now delivering food to 120 people, up from 20 at the start. They have found a niche in providing well-cooked culturally appropriate food. Some older clients had not been able to eat the food originally provided by the Local Authority. They have also been able to find a role in helping older people take care of their homes, and doing minor repairs, such as to washing machines. In amongst meeting these practical needs, they struggle to find time to deal with people's bereavements, jobs lost and their core work of social integration and combating social isolation. They now have to deal with the new fears of older people and those who care for them, including: if they die of Covid-19, what will happen to any child living with them? and the pressures on families caring for someone with dementia, when sources of support and community centres are closed. London Senior Social feels statutory agencies may be slow to deal with these new problems, as they fear opening services and being the source of another outbreak.
- **Ladies of Virtue Outreach** is a one-stop-shop for families, including the most disaffected and marginalised women, and those struggling with mental ill-health. They have had to suspend their face-to-face activities, including their daycentre, leading to increased isolation for marginalised people. Some members who attended

it, could not and would not engage with on-line services or with other services that they were referred to. The Ladies of Virtue moved training and support on-line, which has worked for some people. For example, their jewellery making class is now being watched by people as far away as Romania and Canada and has enabled them to connect globally to other people going through the Covid-19 crisis. This gave them the idea for an on-line day centre, with crafts and exercise classes. So far, 500 people have registered, but most are not their local, existing clients. Their core work is suffering, especially in supporting those with mental ill-health, including women who have had their children removed for that reason. Those with formal mental health diagnoses and support are finding their formal care support and coordination has moved on-line too, and they really need face-to-face support. Email and other on-line contact do not work for many marginalised people. When Ladies of Virtue sent out an email to 50 people, only 2 responded. But a telephone call got responses from most people. The Local Authority is missing awareness of local groups and needs and people with No Recourse to Public Funds and working cash-in-hand, who have been most hit by Covid-19, are under the radar.

There are bright spots and innovative solutions. But it is clear that the shift to emergency basic needs support is leaving a well of unmet need for people living with chronic poverty and disadvantage, storing up longer term problems. Southwark Council in London is a good example of a Local Authority that is trying to respond. It has organised sector conferences, a new database where new and small organisations can add their details and supported the creation of a BAME network to ensure their voice is heard in decisions that affect them. It is a good example of getting small grants to very small voluntary organisations reaching communities that are more remote from large formal structures. They have a simple application form for mutual aid groups who have neither a bank account nor formal governance structures, who can get £500 loaded on a card and delivered to them. But this view from the ground in a disadvantaged locality shows that Central Government will have to really step up on combating poverty, wherever it is and whoever it affects, and it will have to work well with all levels of government and properly support voluntary organisations, to meet need and prevent a spike in chronic poverty and ill-health.

8 What are the priorities to block the pandemic and our response to it, from supercharging poverty and inequalities?

This Poverty Watch has reported new and rising risks of poverty, and the impact on jobs, incomes, health and well-being, for already very disadvantaged groups and areas. We must act now if the pandemic and Brexit are not to supercharge inequality and poverty. What are the most important steps to take?



8.1 Social security

- End the five-week wait for Universal Credit, make permanent the temporary £20 increase in the Universal Credit standard allowance and extend it to all working-age benefits
- End the benefits cap, which places an arbitrary limit on the level of support households can receive from the social security system
- End the two-child limit, which caps at two children, the social security support that any household can receive
- Commit to increasing the level of all social security entitlements in line with a comprehensive adequacy standard, to contribute to the attainment of decent minimum incomes for all
- End all No Recourse to Public Funds restrictions
- Pay enhanced Sick Pay to all those required to self-isolate

8.2 Social Services

- Commit to comprehensive investment in 'social care' as a locally organised national health service and accept that diseases more common in old age are about ill-health and require health care
- Redress the cuts to children's services, including Sure-Start, that help poorer children get an equal start in life
- Redress the cuts to publicly provided mental health services, especially access to Child and Adolescent Mental Health services

8.3 Jobs

- End unpaid work
- Commit to increasing the National Living Wage in line with a comprehensive adequacy standard
- Commit to widening eligibility for the National Living Wage to all age brackets, rather than only those who are 23 and older
- End zero-hours contracts and improve social protection for all atypical workers, and create a level playing field between self-employed and employee status
- Redress the cuts to monitoring and prosecuting illegal and unsafe working practices

- Invest in an ambitious programme of good jobs in green sectors, including sustainable social housebuilding

8.3 Taxation

- Introduce a windfall tax on large businesses, such as online retailers and large supermarket chains, who have made excess profits throughout the pandemic, with revenue used to bolster our social security system and invest in community and voluntary sector organisations
- Introduce a one-off or annual wealth tax, to ensure that the wealthiest contribute in the fullest extent to our economic recovery, and to help address widening wealth inequality

8.4 Equalities

- Strengthen the role and funding of the Equality and Human Rights Commission, including monitoring and addressing bad practices. Ensure that it is clearly and distinctively able to address the differing forms of inequality experienced by different groups at risk of discrimination and abuse of their rights. Ensure that it is fully fit to address social rights – which are human rights
- Act quickly and thoroughly to address issues raised by the inquiries into the unequal mortality rates from Covid-19

8.5 Brexit

- No deal is not an option for combating poverty
- Commit to dynamic upward adjustment of labour standards
- Levelling up must include sustained support for the people and regions most at risk
- Invest in a real national life-long learning and skills programme in the further and higher education sectors, in close cooperation with employers and with local democratic control of funding and accountability

Appendix 1: Income and wealth inequality and poverty in the UK before Covid-19 and Brexit

Note: most of the facts below are taken from reports by the Office for National Statistics and the Institute for Fiscal Studies, and the Joseph Rowntree Foundation report 'UK Poverty in 2019/20'

Income inequalities⁴⁸

- The UK is unequal by the standards of other rich countries. The 'Gini coefficient'⁴⁹ measure of income inequality is the highest in Europe and second only to the US. UK income inequality ramped up between the 70s and the 90s, then stayed stuck at this high level
- Earnings have got more unequal. The top 1% have soared away from the rest of us. The High Pay Centre found that by 2017, a chief executive was getting an average income 145 times an average worker's salary, compared to 1998, when they got 47 times the average worker's income. The lowest paid 10% of workers have not had a real increase in income since the mid-1990s; middle earners have got 20%-30% more, and high earners, 40% more
- As their wage earnings slumped compared to others, tax credits helped keep net income up for lower paid workers. So a person 10% of the way along the income distribution from lowest to highest, actually has a slightly better share of the UK's income now than then, due to the impact of tax credits on people in low paid work, and more recently, increases in the minimum wage in a low unemployment economy
- But the bottom 10% of earners pay a higher proportion of their earnings in tax than the top 10%, once VAT and other indirect taxes and cash benefits are considered as well as income tax. The lower earners lose 44% of their gross income and the higher earners lose 34%
- More women (78% of women aged 25-54), especially more mothers, are in paid work, and low paid women are working more hours than they used to. But a gender wage gap persists, especially for mothers. When women have their first child, the wage gap widens and keeps widening for a decade. Without good childcare options and wider equality, women are the ones who take part-time work, with lower chances of wage increases and promotions, in businesses closer to home, which are not necessarily best for their skills and careers
- The 2010 recession hit young people's opportunities hardest, and people born in the 1980s are the first since the second world war to have lower incomes in early adulthood than the generation above them. As well, by their 30s, they have half the wealth of those born in the 1970s, mainly due to home ownership dropping from 55% to 35% of those aged 25-34
- Social mobility in the UK is flat. The OECD says it would take 5 generations for the descendants of a person in poverty (bottom 10% of incomes) in the UK to get to average earnings⁵⁰.

⁴⁸ Joyce, R and Xiaowei XU (2019) Inequalities in the twenty-first century: introducing the IFS Deaton Review, IFS& Nuffield foundation, May, accessed at: www.ifs.org.uk/inequality/wp-content/uploads2019/

⁴⁹ The Gini coefficient is a number between 0 and 1. The nearer to 1, the more income unequal the country is; so if the Gini coefficient were 0, every household in the UK would have the same income; if it is 1, all the income goes to one household

⁵⁰ OECD (2018) *A broken social elevator? How to promote social mobility*, OECD, fig.1.5, p27, accessed at: <https://www.oecd-ilibrary.org/docserver/9789264301085-en.pdf>

Wealth inequalities

- Wealth is much more unequal than income and nothing much has changed for a decade. In Great Britain (i.e., Northern Ireland is not included) the Office for National Statistics⁵¹ found financial wealth is most unequal, with a Gini coefficient of 93% (i.e., a very few people own almost all the financial wealth)
- But even taking total wealth – including properties and pensions, cars and house contents – in 2016, the top 3 deciles (the wealthiest 30%) owned 76% of all wealth, and the bottom 3 deciles, owned 2%. The top 12% have half the total wealth in the UK
- Some people have no or negative wealth; their debts are larger than their assets. This is true for the bottom 10% of people in the ‘wealth’ distribution who have negative financial and property wealth – in fact, their position has got a bit worse; In 2012-2014, they had negative wealth of £3,900. By 2016-18 it was £4,900
- People in the middle of the wealth distribution have seen their fortunes vary, but overall, their property and pension wealth has gone up
- People in the top 10% have seen all aspects of their total wealth rise over the decade – there was no ongoing impact of the financial crash for them
- Older households are wealthier than they used to be, often due to housing wealth and occupational pensions. Young people today will be split between those who get a substantial inheritance and those who get none, increasing inequality. But this average increase in pensioner wealth hides inequalities amongst people of pension age. UK people living on state pension are living on one of the lowest state pensions in Europe, relative to earnings, and frail elderly people, especially women, are highly likely to be poor⁵²
- There are big regional variations; the South East is more than twice as wealthy as the North East, but all parts of Great Britain including Scotland and Wales are below the Great Britain wealth average, which is driven up by the South-East
- Regional wealth inequality is increasing, but inequalities are even higher at local level. For example people in the West London borough of Kensington and Chelsea earn 53% above the UK average, and 3% below the average in the East London borough of Barking and Dagenham. Outside London, it is former industrial towns and coastal areas, which have not got worse off relative to their region, but are poorer and 30-50 years after, have not recovered health and jobs from deindustrialisation of the 1970s to 1990s, and have not seen an increase in wages since the financial crash of 2010.

Poverty in the UK⁵³

- 14 million people in the UK - more than 1 in 5 - live in income poverty and it has been stuck at this high level for years
- 1 in 8 people in the UK are long-term poor (more than 2 years)
- In 2017 more than 1.5 million people in the UK were destitute at some point during the year

⁵¹ Kidd, C (2019) *Statistical Bulletin: Total wealth in Great Britain: April 2016 to March 2018: main results from the sixth round of the Wealth and Assets Survey covering the period April 2016 to March 2018*, London, *Office for National Statistics*, 5 December

⁵² McInnes, R., (2019) Pensions: international comparisons, Briefing paper NoCBP00290, House of Commons Library, 17 May, accessed at: <https://researchbriefings.files.parliament.uk/documents/SN00290/SN00290.pdf>

⁵³ JRF (2020) *UK Poverty 2019/20*, February, Joseph Rowntree Foundation accessed at <https://www.jrf.org.uk/report/uk-poverty-2019-20>

- Poverty rates are rising, especially for children
- Poverty rates are lowest in the South-East of England, Scotland and Northern Ireland; poverty rates are highest in London, the North of England, the Midlands and Wales
- In 2017/18, 4 million of the 13 million people in the UK with disabilities, lived in poverty. Once the extra costs of living with a disability are excluded, nearly half of people in poverty live in a household where someone is disabled
- 1 in 13 adults in the UK are carers (4.5 million) and a quarter of them live in poverty. More than half of them are women and three-quarters of them are of working age. Carers most at risk of poverty are those who are caring for someone for 20 or more hours a week; you cannot claim Carers Allowance unless you do 35 hours or more a week and the Allowance is too low to lift you out of poverty
- 75% of all poor households are of white backgrounds – i.e. 19% of white households. But the risk is much higher for Black households: 46% are in poverty. People of BAME backgrounds are also 2 to 3 times more likely to live in persistent poverty⁵⁴
- Renters are more likely to live in poverty and they face rising housing costs. Home ownership peaked in the UK in 2000; at the same time, the social/ council rented sector is shrinking and the private rented sector has doubled in size. London has the highest salaries, up to a third more than elsewhere in the UK, but the least affordable housing, leaving all but the richest barely or no better off in net incomes. There are higher concentrations of poverty after housing costs, and the most children on free school meals, in London. The biggest problem for many regions outside London is the lack of good jobs, with so many people on minimum wage and with few opportunities for getting on, and higher proportions of people unemployed and sick and disabled⁵⁵
- A third of young adults aged 20-34 now live in the parental home. Over half of the poorest 20% of young adults live in the parental home
- Households are most *at risk* of poverty (most likely to be poor) if they are out of paid work and living on out-of-work benefits, whether Universal Credit or the older, 'legacy' benefits (the UK is still transitioning onto Universal Credit). UK spending on benefits except pensions has been falling since 2012. Since 2016 benefits have been frozen for 4 years, despite changes in prices and wider living costs. Getting access to benefits has got harder due to the changes made to out-of-paid work benefit eligibility and to tax credits for people in low-income work
- Paid work is no longer a secure route out of poverty: For 1 in 8 workers, their pay cheque leaves them in poverty. Being out of work and under retirement age is the biggest risk of poverty, but because most people of working age are in paid work, the majority of people who are poor in the UK (56%) live in a household where someone is in paid work. The risk of being in work and poor has risen for full-timers as well as part-timers; single parents in paid work are most likely to be poor: 3 in 10
- Earnings have grown since the 2010 recession, but for low income workers 10 years have been wasted - their earnings have only just got back to their 2010 level. Workers most likely to be poor are those who have disabilities, people from Black and Minority Ethnic groups and people with families, especially lone parent families. The highest risk of poverty in work is for people with jobs in hotel and catering, retail

⁵⁴ Social Metrics Commission (2020) *Measuring poverty 2020: a report of the Social Metrics Commission*, SMC, July, p3, accessed at: <https://socialmetricscommission.org.uk/wp-content/uploads/2020/06/Measuring-Poverty-2020-Web.pdf>

⁵⁵ Agrawal, S and D Phillips (2020) Catching up or falling behind? Geographical inequalities in the UK and how they have changed in recent years, *IFS*, August, accessed at: www.ifs.org.uk/publications/14969

and residential care, so women and young people are at greater risk of in-work poverty

- Low income workers are more likely to want to work more hours to increase their income – but often cannot get the hours. They are also more likely to do non-standard hours, such as shifts and weekends, and to have non-standard work contracts, with less work security and fewer work benefits. Childcare and transport are more of a problem for them.

Child poverty

- Children are more likely to be poor than adults. According to the Marmot Review, child poverty harms health - forever
- We are facing a tsunami of child poverty. Child poverty has risen in the UK and child poverty rates are relatively high compared to the rest of Europe or the richer west generally (i.e., OECD). Higher housing costs compared to incomes are a key driver of poverty. In 2017/18, there were 4 million children in England living in relative poverty⁵⁶ after housing costs. The Institute for Fiscal Studies says that by 2021 the percentage of children living in relative poverty after housing costs will go up from 30% to 36.6%, due to government policies already in the system – this is before the potential impact of Covid-19
- Black and ethnic minority families (BAME) are more likely to live in poverty after housing costs: in 2017/18, 45% of BAME children lived in poverty after housing costs, compared to 20% of White British children
- Children from families in which no-one is in paid work are most likely to be poor. In 2010, 60% of them (1.3 million) were poor. By 2017/18, 70% of children in households in which no-one is in paid work, were living in poverty
- At the same time that child poverty rates have been increasing, funding for family support has been cut. From 2010 to 2018, Local Authority funding for children and young people's services went down £3 billion (29% on average); the cuts were greatest in the most deprived areas and the North East region had the biggest cuts. There is more funding for free childcare so mothers can do paid work, though there are problems in having enough providers able to deliver it at what the Government pays, and problems in having childcare for unsocial hours. But Sure Start Centres have disappeared or been eviscerated, as have building-based youth services, Child and Adolescent Mental Health Services and funding for specialist support in schools and for a broad curriculum.

⁵⁶ This is measured as living in a household that has 60% or less of the median household income after housing costs. The median household is the one in the middle of the distribution of household income, ranked from lowest

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Photos (most photos were taken before the lockdown)

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