
Overview and Scrutiny

Poverty in Lewisham

Safer Stronger Select Committee

May 2016

Membership of the Safer Stronger Communities Select Committee in 2016-17:

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1 CHAIR'S INTRODUCTION

[To be inserted.]

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Councillor David Michael

Chair of the Safer Stronger Communities Select Committee

2 EXECUTIVE SUMMARY

[To be included once recommendations are agreed]

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3 RECOMMENDATIONS

The Committee would like to make the following recommendations:

[To be included once recommendations are agreed]

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4 INTRODUCTION AND SCOPE OF REVIEW

- 4.1 The Mayor of Lewisham, Sir Steve Bullock, raised the issue of poverty in his speech at the Council's annual general meeting on 26 March 2015. He said: 'Further cuts will lead to a growing number of people becoming destitute – the safety net will be taken away and they will have to rely on the goodwill of charities. Many will turn to their local councils at exactly the point where we are facing cuts on an unprecedented scale'¹. In this context, the Safer Stronger Communities Select Committee felt it was timely to consider the issue of poverty in the borough and its implications. At its the Committee meeting on 20 April 2015, the Committee resolved to undertake an in-depth review looking at poverty.
- 4.2 Lewisham's Sustainable Communities Strategy (2008-2020)² sets out a vision of a resilient, healthy and prosperous borough. The Strategy informs the direction of Council policy and it guides the process of decision making. One of the governing principles of the Strategy is the ambition to 'reduce inequality and narrow the gap in outcomes for citizens'. It is recognised in the Strategy that '...deprivation and poverty can limit people's prospects (and) some of our communities are more likely to experience their effects than others'.
- 4.3 The Committee approved the scoping report for the review at its meeting on 1 July 2015 and agreed the following key lines of enquiry:
1. The developing national context:
 - Are certain groups more likely to feel the effects of poverty than others?
 - What impact have welfare reforms had on the distribution of poverty in Lewisham?
 - What are the evolving issues which will impact on future distribution and scale of poverty in the borough?
 2. A review of the Council's approach to tackling inequality:
 - How do the Council's strategies work to reduce deprivation?
 - How does the strategic approach to equalities ensure that multiple deprivation and inequality are given full consideration?
 - How are the reductions in the Council's budgets being managed to ensure that they do not disproportionately impact on protected groups and exacerbate poverty and deprivation?
- 4.4 The timetable for the review was as follows:
- 21 October 2015* – First evidence session, where a report was received from officers at the London Borough of Lewisham on the Indices of Multiple Deprivation. There was also evidence provided on the borough's demographics as part of the development of the Council's comprehensive equalities scheme.
- 30 November 2015* – Second evidence session, where information was presented on the Council's approach to changes in welfare and changes in the housing market resulting from the Housing and Planning Bill.

¹ Mayor's speech to the AGM, 26 March 2015, online at: <http://tinyurl.com/pd2w5uj>

² Lewisham's Sustainable Communities Strategy can be found here: <http://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/strategies/Documents/Sustainable%20Community%20Strategy%202008-2020.pdf>

19 January 2015 – Third evidence session, where information was received from the Chief Executive from the London Borough of Lewisham on poverty in the borough, as well as an external witness from the Greater London Authority on the wider context of poverty in London.

- 4.5 The Committee concluded its review and agreed its recommendations on [insert date once agreed].

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5 THE CONCEPT OF POVERTY

DEFINITIONS OF POVERTY

5.1 **Poverty** is a general term, which has multiple definitions and ways of being understood. It refers to different material and social conditions, which are susceptible to change over time. Its meaning, measures of its extent and the implications of its effects are determined by the context in which it is used. It was therefore important for the Committee to gain an understanding of the different ways poverty is defined and measured.

5.2 **Absolute poverty** is one description of poverty. It is most often understood as the condition in which individuals are unable to meet a set standard of essential material needs such as food, clothing or shelter³. International definitions used by the World Bank and the agencies of the United Nations have historically used a monetary income figure for individuals (one dollar a day was first used in the 1990s⁴), below which people are considered to be in extreme poverty⁵.

5.3 The most well known example of a measurement of absolute poverty is the 'one dollar a day' poverty line, below which people are considered to be in extreme poverty⁶. This international definition is used by the World Bank and the agencies of the United Nations to compare the numbers of people living in extreme poverty across countries and time. The measure uses the monetary income figure \$1 a day to see what goods can be bought for that amount in the United States. It then looks at the amount of income needed in local currency in every other country to buy those same essential goods. Anyone who does not have that amount of income is counted as falling below the 'one dollar a day' poverty line.

5.4 *Minimum income measures of poverty* focus on the minimum income needed to cover the costs of living, and thereby establish a income threshold for poverty. One well known measure is the London Living Wage (LLW). This is a minimum hourly rate above the legal minimum wage, which takes into account the costs of living and participating in life in London. It takes account of the impact of means-tested benefits when calculating this hourly rate. The LLW is reviewed each year by the Greater London Authority, taking into account a number of costs for living in the city (adjusted for family composition). The factors which make up the basic cost of living are:

- Housing
- Council tax
- Transport
- Childcare
- All other costs (a 'regular shopping basket')

(GLA Economics 2014)⁷

³ The history of the one dollar a day benchmark, BBC online at: <http://tinyurl.com/7xehk13>

⁴ The history of the one dollar a day benchmark, BBC online at: <http://tinyurl.com/7xehk13>

⁵ A further discussion about the definition of absolute and extreme poverty is available online on the website of the United Nations Educational, Scientific and Cultural Organisation website, online at: <http://tinyurl.com/p8yw8jn>

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⁷ GLA Economics, A Fairer London: The 2015 Living Wage in London: <https://www.london.gov.uk/sites/default/files/living-wage-2015.pdf>

5.5 **Relative poverty** is most commonly used to describe a situation where the level of income available to an individual or family falls below what's needed to sustain a ordinary standard of living in society. This is often expressed as a percentage of national median household income.

5.6 *Median income measures of poverty* is a common method of measuring relative poverty. Median income measures of poverty are calculated by contrasting a household's earnings with the country's median household income⁸ using national income data. A household with an income which is at or below 60% of the median is considered in relative poverty in the UK⁹. For example, Government figures for child poverty use this measure (adjusted by family size) when determining the number of children who are in families affected by poverty. Efforts to reduce poverty defined as a proportion of median incomes are focused on raising earnings (or benefits) above the 60% threshold.

5.7 **Poverty** can also be described as either **persistent** or **transitory**. This distinction recognises the lived experience of people facing poverty and allows for the understanding that people may move in and out of poverty during the course of their life. The Joseph Rowntree Foundation (2014) uses a definition of poverty, which focuses on individuals and households having the resources to meet their needs. It recognises that poverty is not necessarily a persistent feature of a defined group of people:

'Poverty is not a static condition. Resources rise and fall as do needs and people's ability to meet them. Individuals can move in and out of poverty over time – so it may be temporary, recurrent or persistent over longer periods.' (Joseph Rowntree Foundation, *a definition of poverty*, 2014)

5.8 The concept of **deprivation** broadens the definition of poverty beyond calculated levels of income to include the lack of access to certain services, such as social and leisure activities. In the UK, poverty is usually measured by relative income deprivation (either low pay or worklessness) and lack of access to services.

5.9 Poverty can be described and measured in a myriad of ways. The UK government has attempted to combine some of the aspects that form poverty into one set of measures: the indices of multiple deprivation. The Government's index of multiple deprivation includes measures relating to health, employment, access to housing and the presence of negative factors, such as crime in the lives of the communities affected by deprivation.

5.10 **Indices of multiple deprivation** Government combines information from a range of official administrative sources and census data to develop a coordinated picture of deprivation across the whole country. Understanding poverty as multiple deprivation requires the consideration of factors other than income. It is recognised that income plays a significant part in the lives of people who are in poverty. However, the index is comprised of a broader range of indicators in order to build a more complete picture of lack of access to services and the quality of living environments.

5.11 There are seven domains in the index¹⁰:

⁸ The median household income is the income of what would be the middle household, if all households in the UK were sorted in a list from poorest to richest. The median tends to be used instead of mean household income, as the mean can be influenced a relatively small number of households with very high incomes.

⁹ Further explanation of the income threshold measure of poverty is available online at: <http://tinyurl.com/p2dq5cb>

¹⁰ A technical update on the index of multiple deprivation measures, which includes information about data sources is available online at: <http://tinyurl.com/pazw2jk>

- *Income deprivation domain*
A measurement of the population in an area experiencing deprivation relating to low income.
- *Employment deprivation*
A measurement of proportion of the working age population in an area involuntarily excluded from the labour market
- *Health deprivation and disability*
A measurement of the risk of premature death and the impairment of quality of life through poor health
- *Education, skills and training deprivation*
A measurement of the lack of attainment and skills in the local population. The indicators fall into two sub-domains: one relating to children and young people and one relating to adults.
- *Barriers to housing and services*
A measurement of the physical and financial accessibility of housing and local services. Road distance to a post office, primary school, supermarket and GP surgery are also included.
- *Crime*
A measurement of the risk of personal and material victimisation at local level including violence, burglary, theft and criminal damage.
- *Living environment deprivation*
A measurement of the quality of the local environment. The indicators fall into two sub-domains. The 'indoors' living environment measures the quality of housing; and the 'outdoors' living environment contains measures of air quality and road traffic accidents.

5.12 Electoral wards were used as the basis for data gathering and analysis in the early form of the index. Subsequent indices in 2004, 2007 and 2010 have each altered and refined the process and the reporting mechanisms. Information in the index is now reported at lower layer super output area level¹¹ (LSOA). These areas are intended to be stable measures of geographical populations, which enable comparisons between data over time and between places. LSOAs are geographical areas that have been automatically generated to be as consistent in population size as possible. The minimum population is 1,000 and the mean is 1,500.

5.13 The 'indices of multiple deprivation' (IMD) are widely used for comparisons between areas and they form the basis for discussions about future approaches to policy and decisions about access to services.

5.14 The 2010 index of multiple deprivation (IMD) indicated for **Lewisham** that:

- Lewisham was the 31st most deprived local authority in England (of 326 areas).
- Lewisham was ranked 39th most deprived borough in 2007 and 52nd (of 352 areas) in 2004, indicating that, in comparison to the rest of England, Lewisham is becoming more deprived.

¹¹ Output areas are small geographical areas defined by the office of national statistics in order to accurately report area based data. Lower layer super output areas are an amalgamation of output areas. They contain a minimum of 1000 people and maximum of 3000. They contain no fewer than 400 households and no more than 1200. More information is available online at: <http://tinyurl.com/n8uuq92>

- The most deprived areas are found in Evelyn ward in the North and Downham ward in the South of the borough.

5.15 The GLA analysis of the results of the 2010 index highlighted that a quarter of London's areas fell within the poorest 20% of England. As might be anticipated, it also highlighted the difficulties faced by people in London trying to access housing.

THE RELATIONSHIP BETWEEN DEPRIVATION AND INEQUALITY

5.16 It is recognised in Lewisham's Sustainable Communities Strategy that people in protected groups are more susceptible to the effects of poverty because they are also likely to be affected by discrimination. It also notes that 'deprivation is often accompanied and made worse by discrimination and prejudice' (Lewisham Sustainable Communities Strategy 2008-2020, p23). It is also highlighted in the strategy that Lewisham's older citizens, those who are disabled and people from black and minority ethnic communities find it harder to secure and retain jobs. (Sustainable Communities Strategy 2008-202, p59).

5.17 The Trust for London, with the New Policy Institute, has developed a poverty profile for London. It draws on a range of sources to provide an overarching view of poverty in the city. Analysis for the profile highlights that women are more susceptible to poverty because of the gender pay gap and the uneven distribution of caring responsibilities. It is also highlighted that lone parents are more likely to be out of work in London than they are in England on average. Rates of lone parenting along with high childcare and housing costs may contribute to the causes of poverty for London's lone parent families.

5.18 The poverty profile also recognises the absence of 'hidden populations' from official statistics. Some minority groups are not defined in official statistics because their numbers are so small that sampling cannot provide reliable data for comparison. It is also recognised that there are people who are unknown to services, such as undocumented migrants:

'Many undocumented migrants are likely to be in poverty, but are unlikely to be included in official figures. While it is not impossible for them to find work, such work is almost inevitably low paid. Without documentation, it is difficult to get a bank account, which itself is often a barrier to work. They are not entitled to benefits and are excluded from most services such as health care and social housing.' (London's Poverty Profile 2015¹²)

5.19 Presented with this information, the Committee decided to focus its review on information from the IMD 2015 to obtain a rich understanding of the issues of poverty and deprivation in the borough.

¹² London's Hidden Populations, London Poverty Profile (2015) accessed online at: <http://tinyurl.com/qa6mqbp>

6. FINDINGS AND RECOMMENDATIONS

6.1 MEASUREMENTS OF POVERTY

6.1.1 The Committee gained a more thorough understanding of the different ways poverty can be defined and measured during the course of its review. This evidence was predominantly provided by Rachel Leeser, a Senior Research and Statistical Analyst - Social Exclusion working in the Intelligence Unit for the Greater London Authority.

6.1.2 One widely used definition describes being in poverty as having insufficient resources to meet need. Money is a significant element of that, but other things also contribute. The way 'a lack of resources to meet need' is operationalised is 'can you afford to live in society and meet the norms of that society'. This tends to be looked in terms of income, even though other elements can and do contribute to the lived experience of being in poverty. There are different measures of poverty available in the UK. **Absolute poverty**, as published by the government, is measured by looking at a fixed set of living standards, so currently income levels as at 2010/11r. This allows for comparisons over time of the percentage of people living in poverty as defined at that point in time, since poverty is constantly being redefined as society changes.

6.1.3 **Relative poverty** moves the understanding of what poverty means beyond the absolute terms of 'insufficient resources to meet need' to a comparison with the average household income that's considered to be needed to sustain a normal lifestyle in a particular society. Both absolute and relative poverty can be measured before housing costs, or after housing costs are taken into account. In the UK, an individual is considered to be living in relative poverty when they are part of a household with less than 60% of contemporary median equivalised household income.

6.1.4 **Gross income** per household is a measure of all income in a household before any taxes and it includes any payments in kind. One example of a payment in kind is free school milk. **Net income** deducts certain payments, including taxes, pension costs and transfer payments, such as support to students or maintenance payments. **Equivalised income** then also takes account of the number of people living in a household. So three people living in one household with a total income of £20,000 would have a lower equivalised income than two people living in a household with that same income. For the purposes of publication of equivalised income across London, Lewisham is counted as being part of the group of inner London boroughs.

6.1.5 The concept of **material deprivation** is also relevant to the concept of poverty. To measure material deprivation, the question is whether an individual can meet those societal norms. This includes expenses for social and leisure activities, so for a child for example these include being able to have a friend round for tea and being able to afford to celebrate occasions such as birthdays, and for pensioners being able to heat their home adequately and being able to go out once a month. **Multiple Deprivation**, as described earlier is measured at a very local scale as opposed to poverty for which data are only published regularly at a regional level.

6.1.6 **Transitory vs persistent poverty:** There is a national survey that follows a relatively small number of people over the course of many years that can show how they move in and out of poverty over time. This is used to produce statistics on persistent poverty, but not regional statistics.

6.1.7 Persistent poverty is measured as living in relative poverty for three of the last four years. People in persistent poverty may not have any reserves left, where people who just entered a state of relative poverty may have some financial reserves to rely on.

National context

6.1.8 Both measures of absolute and relative poverty can be insightful when examining poverty. If median income falls, less income is needed for people to live above the line of relative poverty¹³, so less people will be measured as living in relative poverty. However, if median income falls more people tend to live in 'absolute' poverty, because median income falls when people earn less income. The measure of 'absolute' poverty has been rising in London and nearly every region of England.

6.1.9 The percentage of people living in relative poverty in London increases significantly after housing costs are taken into account. Relative income after housing costs are taken into account has always had a significant impact on the number of people in relative poverty in London as the cost of housing has always been more expensive in London.

Child poverty

6.1.10 Reduction in child poverty has been an ambition of successive governments. The Child Poverty Act 2010 formalised the enduring target to eradicate child poverty in the UK by 2020. Although changes to the way child poverty is measured were announced by the Government in July 2015, measures of material deprivation will remain part of the measurement of child poverty¹⁴.

6.1.11 Lewisham Council's Children and Young People's plan 2015-18 recognises that poverty is a relevant predictor of whether children and families are in need. It is noted in the Plan that:

'Whilst the number of children living in poverty in Lewisham has decreased over recent years, a significantly greater population of Lewisham's children live in poverty than is the case in England as a whole. The government estimates that there are c. 900 troubled families living in Lewisham. The 2011 census identified that there were 7,599 families where no adult was in employment' (CYPP, 2015-18, p10).

6.1.12 Academic research has established, via longstanding studies of families, that there is a significant impact on the outcomes of children that live in persistent poverty. Persistent poverty is measured as living in relative poverty for three of the last four years. Even though data exists for the numbers of households living in relative poverty, it is very difficult to identify whether these are the same families year on year as the data covers averages instead of pointing to individuals.

6.1.13 The Committee questioned during its review whether it would be possible for the Lewisham Council to measure which children in the borough suffer from persistent poverty by using locally collected data.

6.1.14 The Chief Executive advised that it is difficult for the Council to determine when comparing figures for child poverty between different years, whether those same children are still living in the borough. Lewisham each year has 4,700 births and 1,600 deaths which creates a net natural increase of the population of 3,100. There is a net international

¹³ This is measured as 60% of contemporary median equivalised household income

¹⁴ <http://www.theguardian.com/society/2016/feb/26/uk-government-forced-to-retain-household-income-as-measure-of-child-poverty>

migration of 1,900 and net domestic migration out of Lewisham of 2,400. This means that children that were measured to be living in relative poverty one year, could have stayed in the borough, moved or just entered the next year.

6.1.15 The witness from the GLA suggested some indicators could be used by local authorities to establish which children are living in persistent poverty. Local authorities may hold data such as which children are the recipients of free school meals over a number of years or whether their families are recipients of Council tax rebates over a number of years. There are also secondary indicators that could be gathered by Council's Public Health or social housing teams. An accurate indicator for persistent poverty has to be measured consistently over time and enable data to be traced to individual residents.

6.2 POVERTY IN LEWISHAM

Data from the 2015 Indices of Multiple Deprivation

6.2.1 On 30 September 2015 the Department for Communities and Local Government released the Indices of Multiple Deprivation (IMD) for England. The indices measures relative deprivation at lower layer super output area (LSOA) level, across nearly 33,000 local authority areas with 169 of those LSOAs in Lewisham¹⁵.

6.2.2 The results reveal that in 2015 Lewisham ranks 48th (1st being most deprived) out of 326 local authorities for relative deprivation. This an improvement from 31st in 2010 and 39th in 2007. Compared to other London boroughs, in 2015 Lewisham ranks tenth. This is unchanged from 2010 in terms of relative position in London.

6.2.3 New Cross and Downham are amongst the most deprived wards in the country with 90% of their LSOAs in the 20% most deprived nationally. Bellingham, Rushey Green, Whitefoot and Evelyn are the only other wards in the borough with 50% or more of their LSOAs in the 20% most deprived nationally.

6.2.4 In terms of relative change, New Cross ward shows the most significant deterioration with 90% of its LSOAs in the 20% most deprived nationally compared to 50% in 2010. Evelyn ward has shown the greatest improvement in relative terms with 50% of its LSOAs in the 20% most deprived nationally in 2015, compared to 90% in 2010. There are indications that the changes in New Cross are mainly in the areas of health and unemployment, but this needs to be further analysed.

Geographical distribution of deprivation across the borough

6.2.5 The data from the 2015 IMD seems to indicate that the borough was becoming more split in terms of equality. Some areas seem to do well while others are doing less well. There is a concentration of deprivation in the north and south of the borough, with less deprivation in the east of the borough. That geographical distribution has been persistent for the last 30 years.

6.2.6 Traditionally, the geographical distribution of poverty used to replicate where social housing was provided. Currently, the distribution of poverty replicates where people live in the private rented sector. 28% of the population of Lewisham live in the private rented

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http://councilmeetings.lewisham.gov.uk/documents/s39201/4_PovertyReview_SummaryIndexMultipleDeprivation_21102015.pdf

sector. Three quarters of the house moves in Lewisham each year happen in the private rented sector.

6.2.7 Poverty in Lewisham is mostly concentrated in the north and the south of the borough. In the north, the surrounding areas are also not that well off so residents are likely to experience less deprivation relative to their neighbours. In the south of the borough, neighbouring areas tend to be well off, which creates a sharper contrast with neighbouring areas.

6.3 INTERPRETING DATA ON POVERTY

6.3.1 Interpreting data on poverty in a meaningful way can be difficult. Using a measurement of average income can make a proper understanding of the issue of poverty more difficult. This is particularly significant in London where a small number of people with extremely high incomes pull the average income upwards, which masks the deprivation some people in London experience at the bottom end of the income distribution range.

6.3.2 Sometimes the number of people on welfare payments is used as a measure for the number of people living in poverty. As the eligibility criteria for welfare payments have become stricter, such a measure would indicate that less people are living in poverty. At the same time the material circumstances of these same people may have actually become worse as they no longer receive welfare payments to supplement their income.

6.3.3 The data used for the 2015 IMD was gathered in 2012, so one has to be really mindful of changes in socio-economic issues since then when interpreting the data. For example, the unemployment rate in the borough has gone from 10% in 2012 to 6.3% in 2015, and in that same period average house prices in Lewisham have gone up from £278k to over £400k.

6.4 FACTORS CONTRIBUTING TO DEPRIVATION IN THE BOROUGH

6.4.1 The Committee discussed the difficulties in identifying causes for poverty with the Chief Executive. Generally, a problem can be categorised as a simple, complicated, complex or chaotic situation. A complicated problem is one where there is likely to be a clear relationship between cause and effect, but it requires expertise to work out the right solution to a problem. In a complex situation, many factors are interrelated so there is no one action that will certainly result in the specific problem being solved. This requires experimental practice to work out a solution. The problem of poverty is probably somewhere in between being a complicated and being a complex problem.

Labour market

6.4.2 The London economy is very successful, especially in the sectors of IT, finance and construction. The question for the long term is how Lewisham residents can benefit from that success. London's labour market is substantially different from other areas of the country, and even big cities in other countries. 53% of all jobs in London are graduate level jobs. In Paris and New York this is about 40%, while in Berlin it's 37%. The percentage of jobs at graduate level in inner London is 65%. The labour market in London at graduate level attracts people from all over the world, so children in London who are currently in education will end up having to compete globally for those graduate level jobs.

6.4.3 An relevant sociological concept that may go some way to explaining the levels of deprivation in the borough is that of the 'precariat'. This term is used to describe a group of

people that are detached from the labour market and wider economy. People in this group tend to rarely work and when they do, they tend to move from job to job without much security. 15% of the UK economy consists of people living and working in those conditions. Lewisham as well as Lambeth and Southwark tend to have a high proportion of people that can be described as part of the precariat.

6.4.4 Lewisham has a relatively large population from African and African-Caribbean background, a group which suffers from discrimination on the labour market. This has an impact on average earnings in the borough as well as individual residents' lives.

6.5 THE DIFFICULTY OF EFFECTIVELY TARGETING POLICIES TO DECREASE POVERTY

6.5.1 Policies that aim to tackle poverty or alleviate its outcomes need to reach the right people to be effective. This is difficult in the area of poverty, as data on poverty tends to describe an average for a group of people. As described in section 6.3, averages can 'hide' some of the lived experiences of people at both ends of the scale. Even though the IMD provides information about poverty and deprivation in small geographical areas, one can't simply identify residents living in poverty by their locality.

6.5.2 Every ward in the borough, for example, will have children living in child poverty and children that don't live in child poverty. When looking at smaller geographical areas to focus a policy on, one could focus on LSOAs. Lewisham has 169 LSOAs and 7 of them are in the 10% most deprived LSOAs in the country. However, 7 out every 10 children in child poverty in Lewisham do not live in those specific LSOAs. So policies targeting certain areas facing deprivation would miss out large numbers of the children the policy should be reach.

6.5.3 Whether people are living in poverty also can't simply be determined by looking at their housing tenure. Lone Parent Families with Dependent Children (LPFwDC) are more likely to live in relative poverty and a large percentage of LPFwDC live on social housing estate. However, not everyone living on a social housing estate falls into that category. In addition many LPFwDC don't live on social housing estates. 'Estate' based action against poverty won't be very effective in targeting the groups suffering poverty or deprivation.

6.5.4 Socio-economic class can have a big influence on for instance educational outcomes. When the educational performance of different ethnic groups is split out by socio-economic background it becomes possible to identify that certain parts of ethnic group actually underperform, although the data for the ethnic group as whole would indicate children from that group doing well on average.

6.5.5 The Committee also observed during its review that although the IMD can indicate that certain geographical areas in the borough are very deprived, this information can mean that 'deprived' streets that are surrounded by better off streets can be easy to overlook as such an area probably won't be described as deprived relative to other areas.

6.6 WHAT IMPACT DOES LEWISHAM COUNCIL HAVE?

6.6.1 There are a number of areas where the Council can have a direct or indirect positive impact on the levels of poverty in the borough. The best strategy to tackle poverty in the long term is for people to get good jobs that are reasonably well paid. In the short term, welfare can alleviate some of the consequences of poverty and deprivation.

The Council as an employer

6.6.2 The Council can have some impact on poverty by how it pays its employees and it can set a benchmark for its suppliers in terms of providing good employment conditions. Lewisham has been a long term supporter of the London Living Wage. The Council pioneered some of the early approaches to ensuring the payment of the LLW in its contracts and worked with London Citizens and the Living Wage Foundation to share this knowledge with other boroughs.

The Council as a contractor

6.6.3 The Council can also have some impact on the pay policies of its contractors but only in a limited way. The Council can't impose conditions on contractors including construction companies to provide apprenticeships and jobs for Lewisham residents if the Council is not itself contracting the work. The Council tried to ensure there was provision of apprenticeships in its Building Schools for the Future programme and this was at best moderately successful. The approach can't be too local. It has to be viewed across the South East London economy.

The job market and qualifications

6.6.4 Good qualifications do not necessarily guarantee that someone will have a good job. Having a job doesn't necessarily guarantee you are able to work sufficient hours to have a decent income. Two thirds of the households in poverty in London are in work. The majority of non-professional jobs in London tend to be filled by women and it can be very hard for particularly young men with low qualifications to find employment.

6.6.5 Everyone is responsible for the aspirations of children and young people. People are naturally drawn to 'winner takes all' career paths. The conversation about which career to pursue should focus much more on 'which destination would be best to get to?' as opposed to asking young people the question 'where do you want to go?' One approach is to find inspirational people to motivate people into certain career paths. Oldham Council for example ran an event with Brian Cox because he came from Oldham to inspire local residents and young people to go into science.

Businesses in the borough

6.6.6 A large number of Lewisham's population (about 70,000 residents) leave the borough every day to go to work. This means Lewisham has a relatively small daytime population and the ratio of adults to children and teenagers during the day is very low compared to the rest of London. As a result, it isn't easy to encourage businesses to set up in the borough as there is a lack of footfall of people with disposable income. The borough tends to function as a transport node which people move through. When it comes to encouraging businesses, the question is how to create a place where people will spend money.

6.6.7 In November 2015, the Council agreed to offer a one-off discount in business rates to local business that become accredited as a London Living Wage Employer¹⁶.

Welfare reform

6.6.8 In the short term, welfare payments are likely to be most effective in decreasing the effects of deprivation in Lewisham so the Committee decided to receive evidence from the

¹⁶ The Mayor and Cabinet report and formal decision can be found here:
<http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=3861>

Head of Public Benefits about the approach to welfare and welfare reform in the borough. Approximately 26,000 families or single parents and 18,500 single people are in receipt of benefits across Lewisham.

6.6.9 Universal Credit is being introduced across the country, which will combine six out-of-work benefits into one and residents will normally be expected to manage their applications online. Full migration to Universal Credit is scheduled for completion in 2020. The Council is developing a model together with Lambeth and Southwark to support people in the transition to Universal Credit. This will include support in developing budgeting skills as well as employment support. Negotiations are on-going with DWP about the model. Estimates from DWP are that about 5% of people will need support in the transition, while the Council estimates that this will be about 40% of people.

6.6.10 The Government is introducing a cap on benefits. The benefit cap places a limit on the total amount of benefits that an out-of-work household can claim so they will no longer receive more in welfare than the average weekly wage for working households. This limit has been set at £500 per week for families/lone parents and £350 per week for single adults. It is estimated that in Lewisham about 400 cases will be affected by the new benefit cap. Of those, 56% will have 3 or more children and 19% will 5 or more children. The Council currently uses discretionary housing payments to support these residents.

6.6.11 A number of residents in Lewisham are being impacted by the so-called 'bedroom tax'. The Council uses discretionary housing benefit payments to assist residents impacted by the bedroom tax while they look for smaller accommodation. A requirement of the discretionary payment is that residents look for smaller accommodation and at least bid for smaller properties but often recipients will have made no efforts to move.

Housing costs

6.6.12 Housing costs play a central role in explaining the poverty rate in London¹⁷. 27% of Londoners live in poverty after housing costs are taken into account, compared with 20% in the rest of England. It is the private rented sector that has seen the largest growth of low-income households and it now accounts for a higher share of those living in poverty than those renting from social landlords or who own their own home.

6.6.13 The Committee heard from Lewisham Council's Head of Strategic Housing, who explained that housing supply in the UK was last in line with the demand for housing in the late 1960s. Since then, the shortage of housing has been getting worse. House prices in Lewisham have increased significantly and as a result more people have become homeless. New supply of homes has gone down while demand has increased. This has also decreased the numbers of social housing units becoming available as people move out. This in turn has resulted in the number of people in temporary accommodation increasing. The number of available social housing units is miniscule compared to the numbers needed. Affordability is an issue across all tenures: home ownership, private renting and social renting.

6.6.14 More people are being evicted from the Private Rented Sector as landlords have a choice of tenants due to the shortage of properties. There are more children living in poverty in the private rented sector than before. Rent rates have a considerable impact on the

¹⁷ Trust for London London's Poverty Profile 2015:

https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwjGgN7er53MAhUI5xoKHdOjC3QQFggdMAA&url=http%3A%2F%2Fwww.londonspovertyprofile.org.uk%2F2015_LPP_Document_01.7-web%25255b2%25255d.pdf&usg=AFQjCNF3bVUAec4ixnm72BguJNi_k-2bww

disposable income available to renters. Most partners building housing developments in Lewisham do not set rent rates above 65% of market rates.

6.6.15 'Pay to Stay' is a policy announced by the government where households in social housing earning over £40,000 will be required to pay market rates or near market rates. A 2 bedroom property in Lewisham costs £1,300 on average. According to research by Shelter, households need an income of about £56,000 to cover these costs. A couple earning £40,000 a year would be able to afford a rent of about £950. The cap is set to apply to household and not individual incomes. This means the threshold would be reached by a couple where both people are earning slightly more than the London living wage. It's estimated that between 1,800 and 2,200 households would be affected in Lewisham across the entire social housing sector. The hope is that a scale for this payment will be introduced so that the rise in rent would scale with increases in household income.

6.6.16 It has not been confirmed yet how the households that would be required to 'Pay to Stay' would be identified. Indications are that the government will likely estimate for each local authority how many tenants are earning over this threshold and Councils would then be required to pay government the difference between the social rents and the market rents. It seems likely that Her Majesty's Revenue and Customs would share information with local authorities about the earnings of residents. Tenants would also be required to notify the Council if their earnings rise above £40,000. The onus would be on local authorities and tenants to ensure the required rents are paid. As the legislation develops, a key question is how the Council would cover the costs of implementing these changes.

6.6.17 It would be better if the threshold for 'Pay to Stay' was set with reference to the Local Housing Allowance, as this is an established mechanism linked to local market rents. The amount of rent charged under this policy should be no higher than the Local Housing Allowance for that property type.

6.6.18 Officers are working with Lewisham Homes and PFI providers to ensure all tenants receive communications about the changes to welfare and housing. This communication likely won't go out until more details about the regulations are known.

6.7 APPROACHES TO POVERTY IN OTHER LOCAL AUTHORITIES

6.7.1 During its review, the Committee also examined evidence from work done against poverty in other local authorities, namely the City of Lincoln and the London Borough of Camden.

City of Lincoln Council's scrutiny review into poverty

6.7.2 Lincoln Council's Community Leadership Scrutiny Committee conducted an extensive piece of detailed scrutiny into poverty over a nine month period in 2013-14. The aim of the scrutiny review from the start was to produce a strategy that would make a difference to the daily lives of local people who were financially vulnerable. The strategy is supported by an annual action plan detailing where effort will be focussed in the year ahead. This is reviewed and updated annually at a conference of all interested partners. So far, a Lincoln Poverty Conference has been organised in 2014 and 2015, and more than a hundred actions points have been suggested by partners.

6.7.3 Some of the actions that were developed included:

- Working with schools to pilot a scheme where Year 7 pupils get a Credit Union Savings Account, with a free £10 deposit, plus a package of financial education - believed to be one of only a handful of such schemes nationally.

- Distributing Anti Loan Shark leaflets to every new council tenant, and working with a local emergency shelter to do the same for their clients.
- Holding monthly CAB sessions for clients of a large provider of access to work services operating in the city.
- Working with a high street bank to raise awareness of support and advice available to residents.
- Holding a food bank forum to increase partner support for food banks in a period of unprecedented demand.
- Agreement of a £3.2 million scheme for vulnerable council tenants at risk of fuel poverty living in a high rise block of flats. This includes installation of a bio-mass boiler to replace the expensive electric storage heaters, putting up better insulated windows, doors and cladding, and installing 'smart meters' to put tenants in control of their energy usage.
- Agreed recruitment of a Money Management Advice Officer to support people in rent and council tax arrears.
- Working to provide signposting to benefits and council tax advice when notified of a death concerning a joint tenancy.
- Delivery of a programme providing new council tenants with an incentivised Credit Union account, with an incentivised £10 deposit to encourage saving.
- Lincolnshire County Council is developing a scheme with schools that ensures more families entitled to Free School Meals automatically receive access them.
- Development of a focused regeneration scheme in one of the city's most deprived wards, with a particular focus on tackling poor quality housing in the private sector, and inclusion of a community shop.

The Camden Equality Taskforce

6.7.4 The Camden Equality Taskforce was set up in July 2012 by Camden Council to understand and tackle the inequality faced by residents and communities in Camden. Although issues of inequality are different to poverty, the ability for people to enjoy a comfortable standard of living, with independence and security was a focus for the Taskforce. The Taskforce focused its recommendations on areas where the Council has either some degree of influence or is able to make direct interventions.

6.7.5 One of the recommendations of the Taskforce was to work with all employers to increase job opportunities for mothers. Since this recommendation was accepted by Camden Council's Cabinet, the Council has made significant progress to increase job opportunities for mothers. In particular, the Council has successfully commissioned two Growth Fund projects, which are raising the profile of maternal employment and providing innovative support to mothers. These projects are: Camden Women Like Us, which is developing a universal service for mothers seeking employment; and the Camden Parents First project (led by Hopscotch), which is supporting long-term unemployed mothers with complex barriers to employment.

6.7.6 Another recommendation of the Taskforce was that public services across Camden should adopt a 'no wrong door' (NWD) approach. The NWD approach aims to ensure that no matter where a person accesses a public service their problem will be identified and assessed to receive the right response, either directly or through appropriate referral. To that end, a task and finish group was established in 2014. The group, involving partner organisations, produced a final report in October 2014 focused on improving support for

mothers seeking work. The group also identified a set of NWD principles which can be applied to a wider range of services in the local public sector and in 2015 Camden Council was aiming to work internally and with partners to ensure the areas for action and the principles of the report are tested and implemented through a range of projects.

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7. CONCLUSION

[to be inserted once recommendations have been agreed]

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8. MONITORING AND ONGOING SCRUTINY

8.1 The report and its recommendations will be referred to a meeting of Mayor and Cabinet for consideration and their response back to the Safer Stronger Communities Select Committee meeting will be reported within in two months of that meeting. In order to monitor the implementation of of the review recommendations, the Committee will receive a progress update in six months' time.

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SOURCES

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APPENDICES

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