

# Leeds City Council - Financial Inclusion Team

*A route out of poverty? Low wages, insecure work and food  
insecurity*



# Financial Inclusion in Leeds

## **Approach to Financial Inclusion in Leeds started in 2004**

Based on Evidence, Collaboration and Partnership to inform the action undertaken

### **Before the pandemic**

Research for Leeds City Council showed that low-income households in 2018 were already less resilient and worse prepared for a financial shock or crisis than in 2004

### **During the pandemic**

Although financial interventions did help, many experienced reduced incomes, job losses and financial hardship – alongside rising household bills and costs

*Research by Joseph Rowntree Foundation found 3.8 million low-income households across the UK were in arrears, and 4.4 million had to take on new or increased borrowing through the pandemic. Many of these households weren't in arrears before the pandemic and faced income loss and increases in their expenses.*



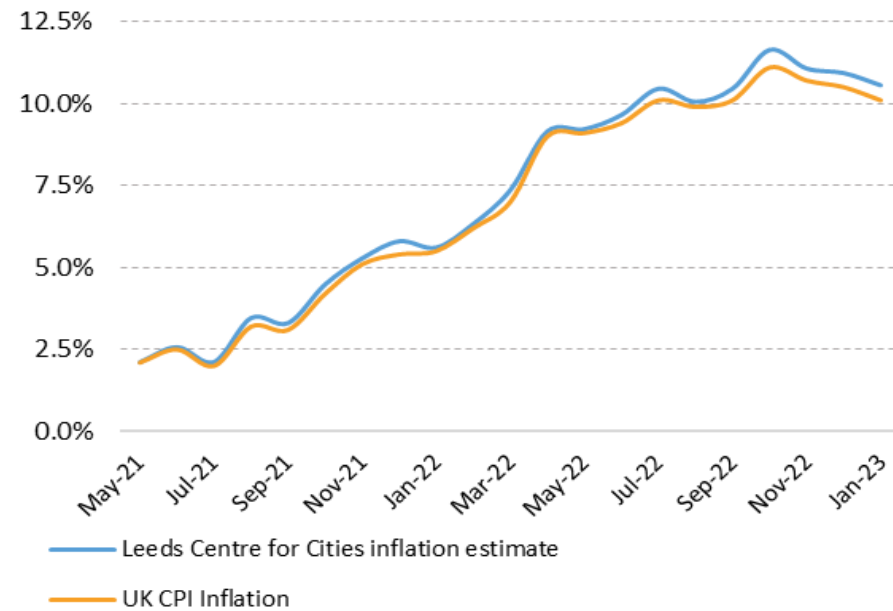
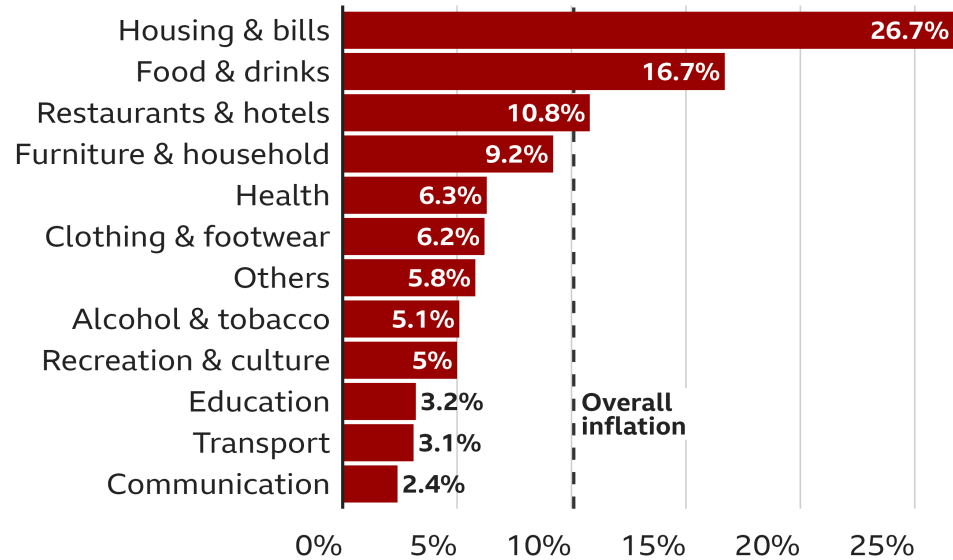
# Cost of Living Crisis

## Leeds Dashboard



Leeds - February 2023

Consumer Prices Index by category, January 2023



Source: Office for National Statistics



FTE Leeds Residents	Lower 10%	Median	Top 10%
2021 Weekly Earnings	£184.00	£500.40	£984.80
2022 Weekly Earnings	£189.00	£536.60	£1,060.90
Nominal Change	£5.00	£36.20	£76.10
Nominal % Change	2.7%	7.2%	7.7%
Real Change	-£11.93	-£9.84	-£14.50
Real % Change	-5.9%	-1.8%	-1.3%

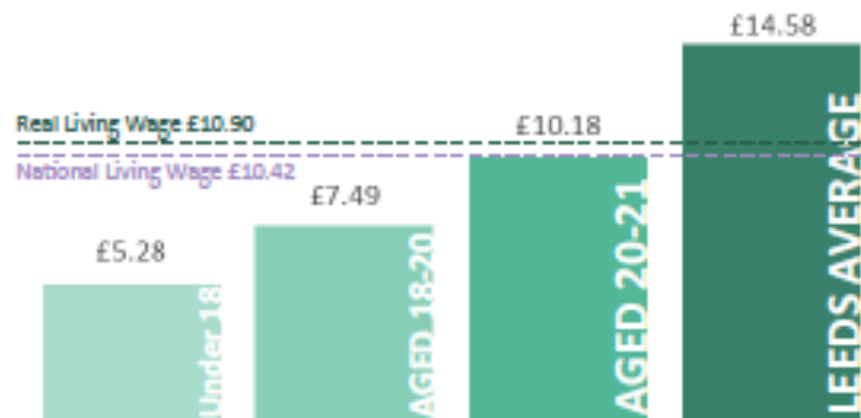
Annual Survey Hours Earnings (2022)

## Minimum/Living Wages:

The Living Wage Foundation recommend employers outside of London pay £10.90/hour from April 2023, currently the Government's National Living Wage is set at £10.42/hour for all employees aged 23 and over.

Although the median average wage for Leeds residents is £14.58/hour, an estimated 40,258 FTE Leeds residents earned less than the Living Wage Foundation's Living Wage in 2022 of £9.90/hour.

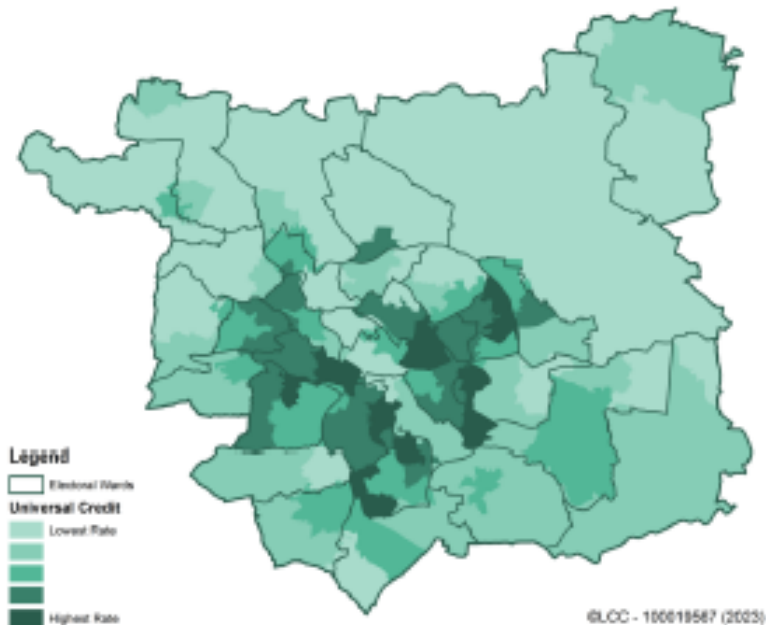
### Government National minimum wages



## Universal Credit Claimants:

73,429 people in Leeds were claiming Universal Credit (UC) in December 2022, of which 40% were in employment and 60% were not in employment. In February 2020, pre-pandemic, 33,715 people citywide were claiming UC, claims peaked in March 2021 to 74,515, the number of claimants had started to fall month on month until January 2022 to its lowest post pandemic level of 69,507. However, since this time UC levels have started to increase steadily again. *(Stat-Xplore – People on UC)*

UC Claimants as a proportion of Working Age Population.



## Welfare Rights Unit

- Increase in benefit checks year on year but significant increase seen for 22/23
- 55% increase from April/Jan 23 compared to same period previous year.

## Local Welfare Support

- Unprecedented demand for emergency support
- Currently majority of applicants are 'new'
- Most common reason for application is due to rising cost of living and applicants income no longer meeting their outgoings
- Most applications are for emergency food or fuel (increased by 52% in a month- December 22 and January 23)



## Universal Credit

- In Leeds **45%** of Universal Credit claimants experienced a deduction in February 2022. Cumulatively - **£18.1 million** per year “withheld” from the lowest income households.
- UC is promoted as a flexible system, but often directly conflicts with employment - **Childcare Costs** in particular.
- **In work Conditionality** – Changes which mean working claimants must now be earning more in order to benefit from easements and those not earning enough are required to undertake work search, look for more work, attend work-focused interviews and engage in work preparation.



## Everyday decisions between heating and eating

To manage the challenges associated within the rising cost of food and energy, participants;

- Reduced the amount of food they bought
- only bought 'yellow label' reduced items
- resorted to charitable food aid.
- purchased more dried foodstuffs and pre-prepared meals that require less energy
- avoid using a cooker altogether
- traded cooking/meal prep against using the television or having a shower

*Well, if we ever run out of food or owt like that, we always end up borrowing off my mam. And then, we give her it back on payday, which drops us back in the same hole again. It's like that all the time.*

**(Jeff, male, white, 35-44 – Deep Poverty UOL 2022)**



## Other issues

- **Digital exclusion and data poverty** meant many struggle to access remote support or opportunities
- **Transport costs** – Significant barrier to finding & maintaining work as well as drain on limited income

