

ABERDEEN CITY COUNCIL

COMMITTEE	Anti-Poverty and Inequality
DATE	23 November 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	External Advisers report
REPORT NUMBER	CUS/22/266
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Derek McGowan
REPORT AUTHOR	External advisers
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

1.1 To provide the Committee with a report from the external advisers.

2. RECOMMENDATIONS

2.1 That the Committee note the report.

3. CURRENT SITUATION

3.1 On 13 October 2022, Council agreed the appointment of five external advisers to the Anti-Poverty and Inequality Committee, with a sixth position being left vacant for now.

3.2 A request was made to the external advisers to provide a report on the issues they feel are important for the Committee to address. This report is attached as Appendix 1.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	None	None	L	Yes
Compliance	None	None	L	Yes
Operational	None	None	L	Yes
Financial	None	None	L	Yes
Reputational	None	None	L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	There is no proposal in this report.

<u>Aberdeen City Local Outcome Improvement Plan</u>	
Local Outcome Improvement Plan	There is no proposal in this report.
Regional and City Strategies	There is no proposal in this report.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment not required as there is no proposal for Committee to consider.
Data Protection Impact Assessment	Not required

10. BACKGROUND PAPERS

None.

11. APPENDICES

Appendix 1 – report from the External Advisers to the Committee.

12. REPORT AUTHOR CONTACT DETAILS

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Appendix 1

Anti-Poverty and Inequality Committee

Effect of poverty on Third Sector Organisations

<p>There has been a huge increase in demand for services as more people in our city struggle to make ends meet.</p>
<p>Demand for emergency assistance for food and toiletries, clothing, energy and basic household items, notably this includes pensioners.</p> <p>Demand for repeat and regular assistance also on the increase (help on more than one occasion).</p> <p>Demand for other services to be provided in addition to what is already on offer (e.g. financial advice being sought from organisations that provide clothing).</p> <p>Demand for debt and benefits advice has reached such levels that there are huge waiting lists.</p> <p>Support requests have become more complex and take more time to address.</p>
<p>Consequences</p>
<p>Staff and volunteers are working longer to meet demand.</p> <p>So much time is being spent servicing immediate demand that there is little time to develop new services, to plan ahead or to fundraise.</p> <p>Volunteering is becoming a more stressful and costly occupation.</p> <p>Organisations are using reserves and redirecting resources to cope with increased demand.</p>
<p>Solutions</p>
<p>Organisations will need to co-ordinate their efforts more than ever before. ACVO is willing to facilitate discussions between service providers to achieve this.</p> <p>HMRC should amend the Approved Mileage Allowance so that volunteer drivers can recoup ever increasing transport costs.</p> <p>ACVO can assist organisations looking for funding and can advise on sustainable reserves policies for the third sector. ACVO can help in the search for new volunteers to focus on support where it is needed most.</p> <p>Ultimately, the solution must be to reduce the demand by putting more money into people's pockets.</p> <p>We need to tackle the root cause of why demand is increasing with consideration being given to how we can offer alternative ways to provide advice/support on how to manage money e.g. in schools.</p>

Third sector income is not keeping up with increasing service delivery costs

National economic picture means that fees and funding from the public sector cannot increase in line with inflation.

Donations of goods and cash are declining as household finances become restricted and disposable income reduces, but there is no decline in donations of furniture, small electricals and other home furnishings.

Sponsorship and business donations are reducing as companies tighten their belts.

Donations are now worth less due to inflation; this is particularly hard on organisations who rely on a large amount of regular giving (e.g., monthly donation of the same amount).

Most grant streams aimed at addressing the costs crisis are only sticking plasters available in the short-term.

Most grant streams do not cover core costs which is where organisations are experiencing the most pressure (salaries and overheads).

Consequences

Coupled with increased demand, rising costs and declining income are expected to start affecting some organisations' ability to operate if the costs crisis continues beyond winter. We are hearing that most will be able to do "whatever it takes" to get through the immediate emergency but beyond that serious decisions will have to be taken.

Many organisations cannot increase staff wages to the extent that they would wish. Many will be unable to pay the increased Real Living wage of £10.90 per hour despite wanting to offer it.

The gap between the third sector and public/private therefore widens further making recruitment and retention even more difficult. This affects ability to operate to full capacity.

Organisations are very worried about the state public finances and possible cuts to their grants. As a result, they cannot plan for next year never mind further ahead. Some organisations report they are not receiving public sector fees on time, and that they are sometimes months late.

Solutions

Early notification of ACC and AHSCP funding for the next financial year.

Multi-year funding agreements with built in inflationary increases where possible.

Payment of public sector fees on time and consideration whether some contracts could be amended to pay upfront in full. Services will be removed if payments not received in a timely manner.

An understanding from the public sector of the huge demands on organisations when making referrals.

Effect on people supported by the third sector

Increasing numbers of people do not have enough money to support their daily lives to a basic standard.
<p>An increase in people who do not have enough money to feed themselves and their families and to buy basic toiletries and household sundries.</p> <p>Energy poverty is a real threat to life this winter.</p> <p>We expect rent and council tax arrears are on the rise.</p> <p>Rent freeze is a time bomb waiting to go off in the private rented sector.</p> <p>Number of people in unmanageable debt is increasing as they spend more on living expenses. Christmas is likely to exacerbate this.</p> <p>People already managing substantial debt are finding it harder and harder to resolve the situation as living expenses increase across the board.</p>
Consequences
<p>Physical and mental health issues related to poverty are on the rise .</p> <p>People are living with enormous stress day to day.</p> <p>Vulnerable people are already keeping their heating off, going to bed early, sitting in dark etc to save on energy.</p>
Solutions
<p>Cash first – expansion of the successful LOIP programme to increase benefit uptake across the board. Cash First approach needs to be better understood, some organisations believe it is to give people more cash, the initial aim is to encourage and educate on how to manage low-income levels instead. Giving cash without real support is pointless.</p> <p>Clawbacks on benefits by the Council and DWP need looked at. It is stated that people should be left with 60% of benefits to live on after deductions. It is very vague on how it works, whether it means 60% of total award or 60% of what's left meaning some people are getting less than 50% of their benefit award.</p> <p>Targeted advice on grants. Go where those in need are.</p>
Mental health crisis is being exacerbated
<p>Poverty and poor mental health are inextricably linked. What might once have been small worries are turning into crises.</p>

<p>Substance abuse is likely to increase as people struggle to cope.</p> <p>Domestic abuse cases are likely to increase.</p>
<p>Consequences</p>
<p>Mental health services are not readily available due to the level of demand.</p> <p>Requests for funding to the Communities Mental Health and Wellbeing Fund to support warm places activities has increased as communities respond to need locally.</p> <p>Physical and mental health issues are being worsened by substance abuse.</p> <p>Families and households are being disrupted and putting further pressure on public and third sector services.</p>
<p>Solutions</p>
<p>As above, cash first approach needs to be at the forefront or taking the immediate pressure off households.</p> <p>In the interests of public health, there are possible interventions that could be taken by the licensing board on the widespread availability of cheap alcohol.</p>

Inequality

Whilst the immediate costs crisis affects everyone in our city, it does not impact everyone equally. All of the issues noted above disproportionately affect people who already suffer from the effects of inequality in society. We wish to put on record that we believe that the dependence on Food Banks is wrong and has become normalised with a list of where to go for 'free' food being handed to anyone who signs on for benefits. This clearly demonstrates that it is recognised that the benefit payment will not be sufficient to cover all costs.

We need to assist people to manage and budget more effectively and this should be local to where they live. Part of this has to be to help people to apply for what they are entitled to knowing that, at times, it is embarrassing to find yourself in financial difficulties, and ensure support is offered appropriately.

From national data, but reflective of our experience in Aberdeen, those who suffer poverty the most are those who are:

<ul style="list-style-type: none"> • Ethnic minorities • Not proficient in the English language • Experiencing mental and physical health issues • Disabled or neurodivergent • Experiencing substance abuse issues 	<ul style="list-style-type: none"> • Children • Elderly • Those in work • Those on benefits • Single Young Men
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