# WHY ETHNICITY MATTERS FOR LOCAL AUTHORITY ACTION ON POVERTY

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With racism on the rise and poverty higher among all ethnic minority groups than white British people, we cannot ignore the links between poverty and ethnicity. Local authorities in England, Scotland and Wales need to understand these and play their part in addressing them. Timely research by JRF should help them to do just this.

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## Background

JRF has a major Poverty and Ethnicity programme working across the UK. The programme aims to increase understanding of the complex relationship between poverty and ethnicity. It aims to use the findings to develop more effective ways of tackling poverty across all ethnic groups.

The programme has recently published a series of research papers on:

● employer behaviour and workplace culture;
● places and local labour markets;
● caring and earning;
● social networks.

It has also published a research report on poverty and ethnicity in Wales.

This Viewpoint draws on the evidence gathered through the research programme. It focuses on the implications for local authority policy and practice, looking particularly at five key areas of local authority activity:

● employment and workplace culture;
● services;
● procurement;
● shaping the local economy;
● voluntary and community groups.

**This report draws on the following publications from JRF's Poverty and Ethnicity programme, all published by the Joseph Rowntree Foundation, York:**

*Making the links: Poverty, ethnicity and social networks*
*In-work poverty, ethnicity and workplace cultures*
*How place influences employment outcomes for ethnic minorities*
*Caring and earning among low-income Caribbean, Pakistani and Somali people*
*Poverty and ethnicity in Wales*

All reports are available on the JRF website at
www.jrf.org.uk/topic/poverty-and-ethnicity

**Key points**

- Relationships between poverty and ethnicity are complex. They differ across and within ethnic groups and vary considerably according to place. Local authorities will need to reflect this in policies and practice.

- 'Softer' issues – such as workplace culture, social networks and how we care for loved ones – are surprisingly important in addressing poverty. Without understanding these, even the best policies can fail.

- Despite good policies, some local authorities are perceived as poor employers among ethnic minority groups, something supported by workforce statistics. Changing workplace culture and creating better opportunities for career progression could address this.

- People's relationships with services impact on their outcomes. These differ within and across ethnic groups. Social networks can help or hinder people's effective use of services and influence the key outcomes sought by authorities. Understanding these relationships better has the potential to improve outcomes with little or less cost.

- Local authorities can use procurement of goods and services to promote practices that reduce poverty. This could involve a wide range of practices from a living wage for all workers to clear career ladders for low-paid staff.

- The UK has a high proportion of workers trapped in cycles of low-paid and no-pay jobs. This could be reduced by increasing demand for skills. Local authorities can promote this through their strategic role, their own workplace practices and encouraging suppliers and local employers to reflect it in their practices.

- Voluntary, community and faith groups play an important role in facilitating social networks. They are also spaces where people are already actively addressing poverty. Working together with these groups will help authorities to achieve more with limited resources.

- Actions that address the links between poverty and ethnicity will help address poverty among all ethnicities. They should be part of mainstream policy and practice.

# Introduction

Britain is facing challenging times. Thirteen million people in the UK are living in poverty, more than half of whom are in a working family (MacInnes *et al.,* 2013). Demand for public services is increasing while public bodies face budget cuts unprecedented in modern times. Alongside this, racism is on the rise (Park et al., 2014, cited in Barnard, 2014).

Poverty is already higher among all ethnic minority groups than among white British people. The research found that racism and discrimination remains one of the main barriers to ethnic minority progression.

If we are to live in a just, prosperous and safe society, we must address these issues. They should now be high on the agenda of both political leaders and officers within local authorities. But what should they be doing? Neither racism nor poverty is a new issue and many local authorities have been working to address both over many decades. Given the depth of budget cuts, what scope do they have to respond?

By exploring the issues in more detail, the research sheds new light on the complex relationships between poverty and ethnicity and the role of local government.

The way local authorities behave as employers, what they expect of employers in their supply chains, the direction of local economic strategies, the quality of services and their relationships with different ethnic groups, all impact on poverty.

The research reveals why even good policy and practice can be ineffective if it is delivered without a proper understanding of and relationship with the people affected. It highlights how softer issues such as workplace culture, social networks, how we care for our loved ones and relationships between ethnic groups, have a much greater bearing on outcomes than we might have imagined.

The researchers put forward proposals on how local authorities could improve policy and practice. Local authorities will be pleased that these need not involve increased spend. On the contrary, they should mean better targeting of limited resources to achieve better outcomes.

Importantly, mainstreaming many of the proposed actions would help to reduce poverty across all ethnic groups, including among white British people.

## Overarching issues

### People and places are unique
The relationship between poverty and ethnicity is complex. Factors such as gender, religion, disability, social class and migration experience also shape people and their relationships with poverty.

Relationships between poverty and ethnicity also vary according to place. They depend on the ethnic make-up of particular places, the histories of different communities, the relationships between ethnicities and whether ethnic groups are concentrated in particular areas.

Significant differences can be found between similar places. For example, people from Indian and African Caribbean backgrounds are more likely to be employed if they live in Luton than Leicester. In contrast, the Pakistani community have better opportunities and employment outcomes in Leicester than Luton (Lalani *et al.*, 2014).

Ethnic minorities' knowledge of local services and employment opportunity also appears to vary by locality. The evidence suggested that knowledge was least likely to be found among migrants, but that it was likely to be lower the greater the degree of social segregation experienced (Lalani et al., 2014).

### Understanding communities
This reinforces the importance of each authority developing a deep understanding of the context in its own area. This should involve data collection and analysis, including recording ethnicity within monitoring. It should also involve direct community engagement that enables authorities to listen to the experiences and ambitions of citizens in their area.

### Mainstream policy
Low-paid, no-pay jobs, limited social networks and negative workplace cultures impact on people living in poverty across all ethnicities. Integrating actions to

address poverty relating to ethnicity into mainstream anti-poverty initiatives would benefit all.

The research highlighted the importance of leadership at all levels. In order to drive change, there needs to be commitment from leaders, whether politicians or line managers.

# Employment and workplace culture

Key messages

- Employers play a central role in supporting people out of in-work poverty.
- Informal practice and developing a positive workplace culture can be just as, and often more, important than formal policies (Hudson et al. 2013). Ethnic minority communities are less likely to hear about or be offered information about recruitment, progression or developmental opportunities. This can be a result of limited social networks.
- Line managers play an essential role in supporting employees to develop individual career ladders.

"Hidden layers of disadvantage suggest that, for many of our low-paid workers, equal opportunities policies barely touched their working lives in practice."

Hudson et al. 2013

Implications for local authorities
As big employers, local authorities can make a big difference. Local authorities have relatively strong equality policies and are generally considered as good employers. However, perceptions of local authorities as employers by ethnic minorities can be strikingly poor (Lalani et al., 2014). This is often supported by data on ethnic minority representation in the workforce, particularly at senior levels.

The JRF research outlines ways to improve workplace practice and culture including:

- adopting a strategic approach to progression of low-paid workers.
- sharing information, particularly on progression and development opportunities, with all team members.
- including steps that support progression of low-paid workers in managers' objectives.
- creating opportunities that support career progression and enable low-paid workers to interact with other employees within and across departments, such as work-shadowing, peer-to-peer mentoring, job rotation and staff networks.
- flexible working in well-paid jobs to enable people to balance care responsibilities with their careers.

### Key questions
- Who gets access to what information about employment and progression opportunities within and beyond your workforce?
- What measures could you introduce to support inclusive workplace practices and opportunities for career progression for low-paid workers?

## Services

### Key messages
- People's relationships with services are fundamental to outcomes. These differ within and across ethnic groups. They also differ within and across places. This can relate to people's social networks or what role they feel they should play to care for or support loved ones.
- Common features that limit outcomes for ethnic minority groups are:
  - reliance on community and kin-based networks limiting access to or distorting accurate information and advice;
  - lack of awareness and understanding among service providers as to why different ethnic groups are not using or benefiting equally from services;
  - experiences of racism and discrimination in some cases;
  - fear or mistrust of mainstream services in some cases.
- In places where one ethnic minority is dominant, services can be inclusive to that group but not to smaller minorities (Lalani et al., 2014).

- English for Speakers of Other Languages (ESOL) not only improves language skills, but creates positive inter-ethnic networks, increasing cultural awareness and sharing information about services.
- Ethnic minority interviewees reported a better quality of service where agencies had a linguistically diverse workforce (McCabe et al., 2013).

## Implications for local authorities

The findings reinforce the importance of local authorities' understanding the particular dynamics within their locality. What are the outcomes for different ethnic groups in your authority and why? Engaging directly with individuals and communities can provide a much richer understanding and build trust.

Service providers should develop a better understanding of the relationship between services and people's social networks. This might mean, for example, thinking about how changes to day care services for the elderly might impact on people's social networks. It could mean using targeted social media to increase direct communication with groups whose limited social networks limit access to accurate information. Understanding social networks has the potential to improve outcomes at little or even less cost.

Services providers should consider how representative their workforce is of the community it serves and how this might impact on awareness and trust.

## Key questions

- What relationships do different groups have with your services? How do services inter-relate with wider support networks?
- How do people receive information about your services?
- How do your services help people to understand their own social networks, use them effectively and extend them?

# Procurement

## Key messages

- Local authorities could reduce poverty at no extra cost by introducing appropriate social clauses when procuring goods and services.
- Care is a low-pay sector with a high proportion of ethnic minority workers. Pay and conditions for care workers is declining with a knock-on effect on the

quality of services (Devins *et al.*, 2014 and Philpott, 2014). There is evidence that good workplace practice can improve the quality of care services (Philpott, 2014).

- Public sector procurement is already being used to reduce poverty. JRF has published case studies (Macfarlane and Collins, 2014).

## Implications for local authorities

New EU procurement rules, the Equality Act 2010, the Public Services (Social Value) Act 2012, the Procurement Reform (Scotland) Bill and procurement policy in Wales are all giving local authorities the impetus and tools to gain more public benefit from procurement practice.

Local authorities can use procurement to promote good workplace practice, accessible services and a living wage. Examples of practice that authorities should encourage through the supply chain are:

- a living wage for all workers;
- opportunities for apprenticeships;
- career ladders to support progression for low-paid staff;
- good practice on advertising employment opportunities and providing transparent information on training and promotion to all;
- monitoring workforce data, including progression.

Local government is a key commissioner of care services. Commissioning quality care services with reduced budgets and increasing demand is a huge challenge. Good workplace practice can lead to better quality care (Philpott, 2014). Pay and conditions and workplace culture should be an important consideration when commissioning care services.

Authorities should also make sure that contractors are not in danger of breaching minimum standards, for example, by paying workers less than the national minimum wage by excluding travel time.

## Key questions

- Do you have a good understanding of how your procurement policies impact on poverty and how particular ethnic minorities are affected?

- Are there specific clauses you could introduce which would tackle poverty without unduly affecting the quality or cost of the contract?


# Shaping the local economy

Key messages
- The UK has a high proportion of workers in low-paid jobs compared to most other developed countries (Sissons and Jones, 2014).
- Low-paid jobs and a lack of workplace progression trap low-paid workers in cycles of low pay and no pay. This affects workers across all ethnicities, and ethnic minority workers in particular.
- Low-paid, low-skilled jobs drive low or under-utilisation of skills. This is more likely in former industrial towns and cities and in some rural areas
- Increasing demand for skills can help to change this (Sissons and Jones, 2014).
- Many people in ethnic minority communities in low-paid or no-pay jobs have under-utilised skills. Skills and networks within ethnic minorities that are currently untapped have potential to boost local economies.

Implications for local authorities
Local authorities play a key role in shaping the local economy. A greater focus on increasing demand for skills can help to address high levels of low-paid, low-skilled jobs. Demand-led skills strategies should be integrated with local economic development plans and with innovation and business support.

To do this means understanding skill demand and supply in your area and its relationship with ethnicity. The most successful local economies have a strong skills base and competitive firms which make use of those skills (Sissons and Jones, 2014).

Local authorities work with partners to shape the local economy. In England, Local Enterprise Partnerships and City Regions present a good opportunity to influence strategies based on skills-demand as well as skills-supply.

Local authorities can influence demand for skills through their own workplace practices and by encouraging good practice among suppliers and local employers. Low-pay employers should be encouraged to achieve incremental improvements to support job progression, such as career ladders. These might be implemented in

individual firms, rolled out across the locality, or focusing on one low paying sector at a time, such as the hospitality industry.

## Key questions
- What are the skill demands in your area? Which priority sectors could you target to increase demand for skills in your area?
- Are there groups within your local population who are concentrated in low paying sectors or jobs?
- What can you do to increase the demand for skills among these groups (as well as addressing skills shortages where necessary)?

# Voluntary and community groups

## Key messages
- People living in poverty aspire to escape it and want a better life for their children (Holtom *et al.,* 2013; Hudson *et al.,* 2013; Lalani *et al.,* 2014). One way that people take action to cope with and move out of poverty is through voluntary, community and faith groups.
- People living in poverty often have restricted social networks. This makes coping even harder (Holtom *et al.,* 2013; McCabe *et al.,* 2013). It affects health and well-being, putting pressure on services.
- People living in poverty often have poor links with people from different ethnic, income, occupation and educational groups. This makes it harder to access information about jobs, services and other opportunities. It restricts people's ability to use informal pathways to move out of poverty (McCabe *et al.,* 2013).
- Voluntary, community and faith groups can support and develop positive social networks within and across different social divides.

## Implications for local authorities
By understanding what community, voluntary and faith groups are doing to tackle poverty, local authorities can build on their efforts, energy and ideas.

Third sector groups can provide a conduit into ethnic minority communities to help local authorities build relationships. They can help to share reliable advice and information about services and jobs. However, these groups are not necessarily inclusive or representative of whole communities.

There is a danger that the voluntary and community groups that help to facilitate these will be heavily impacted by budget cuts. Local authorities should consider what role they can play in maintaining the benefits these groups provide in the context of significantly reduced budgets.

Local authority volunteering opportunities can build links between service providers and individuals from disadvantaged groups, benefiting both.

Key questions
- What groups in your area facilitate social networks within and between different ethnic and social groups? How could they be strengthened? What opportunities might there be to develop these in areas where there are currently few or none?
- Which voluntary and community groups are working to support people from different ethnic groups to move out of poverty in your area?
- Have you assessed what value third sector groups bring in supporting and developing social networks for people in poverty?

## Conclusion

The research reports recently published under JRF's Poverty and Ethnicity programme provide valuable insights into the relationships between poverty and ethnicity. They also highlight the important role that local authorities can play in addressing these.

The way local authorities behave as employers, what they expect of employers in their supply chains, the direction of local economic strategies, the quality of services and their relationships with different ethnic groups all impact on poverty.

This *Viewpoint* has set out some of the key findings from the research. It suggests implications for local authority policy and practice. We hope this can form the basis of further dialogue with local authorities to help inform policy and practice that reduces poverty across all ethnicities.

## About this paper

JRF is conducting a major five-year Poverty and Ethnicity programme across the UK. The programme aims to increase understanding of the relationship between poverty and ethnicity and to use this to develop more effective ways of tackling poverty across ethnic groups.

A series of research reports have been published from the first phase of this programme. This briefing aims to summarise key findings for local authorities and identify implications for policy and practice.

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## FOR FURTHER INFORMATION

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