Creating a Fairer City
Policy Cabinet – Briefing Paper, 11 January 2012

Summary

• The city needs to take some tough decisions, about the allocation of scarce resources and the delivery of public services. It is vital that these decisions are made in the fairest way possible. The council is committed to ensuring fairness is central to every decision it takes. But what are the principles of fairness that should be applied? And how can practical decision-making be made in a fair way, to make Newcastle a Fairer City?

• To help answer these questions, the council has formed a Fairness Commission with the aim of developing an approach which it is hoped could secure wide endorsement within the city. The Commission reflects a commitment to inclusive democratic values, to balancing the interests of different generations, to support those in most need, and with a strong sense of civic responsibility to each other and to the wider society. It recognises that hardship affecting the most vulnerable in society are of concern to all of us, and can arise from (and give rise to) inequalities. The Commission has placed a significant weight on fair processes to ensure that all in society – particularly those that would otherwise be marginalised – are given a voice. While recognising that there needs to be tough choices about the allocation of resources, it rejects the concept that these can be made by defining groups of people as inherently “undeserving”.

• This work takes place in a context of long-standing inequalities and persistent poverty within the city; factors which are likely to be exacerbated by current economic conditions. Poverty damages health, wellbeing and life chances and disparities breed resentment and mistrust. For example we know that:
  - Compared to those in the richest areas, women and men in the poorest areas of Newcastle die younger and live a larger proportion of their shorter lives with a disability. There is a difference of some 12.6 years in male life expectancy between South Gosforth and Byker.
  - Almost one in three children in Newcastle, and over half of the children living in Westgate, Walker, Byker and Elswick, are classed as living in poverty. And students who receive free school meals and those who live in the most deprived neighbourhoods are less likely to stay on at school beyond year 11.

• National and local policy changes will significantly impact on the powers and responsibilities of the council to advance fairness. How do we best respond to this challenge?
Background

This briefing paper has been prepared to promote debate at the Policy Cabinet meeting on 11th January. It provides an overview of the challenges and opportunities presented in realising the council’s commitment to making Newcastle a fairer city.

The paper discusses what fairness means in principle and provides an update on the work of the Newcastle Fairness Commission. It highlights why fairness is an important issue for Newcastle. Within a context of long-term and persistent inequalities it considers how choices about the future of the city can be made with fairness at the heart of decision-making. Finally the paper looks at what the council can and is doing about unfairness and inequality in Newcastle – including in the context of budget cuts - before raising some questions for consideration.

Our focus on fairness reflects concerns about the inequalities and the impact of inequalities on wider society. The OECD has recently reported rising inequalities and a growing gap between the richest and the poorest in OECD countries including the UK.\(^1\) Academic research has continued to highlight the harms done by inequality in rich countries such as the UK, with the influential work of Professors Wilkinson and Dorling\(^2\) stressing the higher incidence of all social problems (poor health; low educational attainment; crime and so on) in more unequal societies (see representation of index of health and social problems against level of income inequality presented below).

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1. OECD (2011) Divided we stand: Why inequality keeps rising. [http://www.oecd.org/document/51/0,3746,en_2649_33933_49147827_1_1_1_1,00.html](http://www.oecd.org/document/51/0,3746,en_2649_33933_49147827_1_1_1_1,00.html)
The Newcastle Fairness Commission

The Newcastle Fairness Commission has been established by the council, with a remit to:

- set out a strong set of principles about how the concept of fairness can be given practical effect in Newcastle, securing broad endorsement from across the city.

- critically assess evidence of the degree of fairness, cohesion and equality within Newcastle; informing, and making use of, the proposed Newcastle Future Needs Assessment.

- identify the critical policies and social contract that would need to be put in place to create and secure a fairer city, and to challenge us all to implement them.

The Fairness Commission consists of 20 people drawn from a range of sectors of civil society, such as charities, foundations, health, education, faith groups and business. It is chaired by Professor Chris Brink, Vice Chancellor of the University of Newcastle. There have been two full meetings of the Fairness Commission, with working groups now established to consider: the principles of fairness; citizenship and fairness; public attitudes to fairness; fairness in wealth and income; and public services and fairness. An interim report will be available for further public discussion in Spring 2012. Further information on the membership and role of the Commission, and how it is going about its work, was set out in a paper for the City Council’s Business Cabinet in November.

What do we mean by fairness?

One of the first issues which the Commission has had to discuss/examine is how the concept of fairness can be defined and applied in practice to the big issues facing the city. Fairness is a complex and contested concept. Everyone has their own view on what is fair or unfair. It is a fundamental concept in its own right, related to but not the same as notions of equality, social justice, democracy, tolerance, good citizenship and social cohesion.

The Commission is developing an approach to fairness which reflects a commitment to inclusive democratic values, to balancing the interests of different generations, to supporting those in most need, and to encouraging a strong sense of civic responsibility to each other and to the wider society. It is hoped that this approach will lead to wide endorsement within the city.

The Commission recognises that hardships affecting the most vulnerable in society are of concern to all of us, and can arise from (and give rise to) inequalities in society. The Commission has placed a significant emphasis on fair processes, to ensure that all in society – particularly those that would otherwise be marginalised – are given a voice. While recognising that there needs to be tough choices about the allocation of resources, it rejects the notion that these can be made by defining groups of people as inherently
“undeserving”. The work to clarify what we mean by fairness is ongoing, and a definition will be provided for public consultation in the Spring.

The Commission also recognised that tough decisions have to be made, including on questions such as:

- Is it right that people on housing benefits should be restricted in the support provided for their housing, to a level below the prevailing market rate, and in keeping with their family size?

- Should we limit the enjoyment of Newcastle as a great place for a party, because of concerns about the impact on health or the wider society? Is it right to set a minimum price for alcohol, or increase the regulation of pubs, clubs and off licenses?

- Should we be a City of Sanctuary, welcoming people seeking asylum, and supporting them in housing and access to services? Or should we be concerned about the potential negative response from others in the community?

- Is it right for a local authority to subsidise cultural institutions, when their audience is disproportionately people from outside the city, and from (on average) the wealthier residents?

- Environmental quality varies across the city, with poorer neighbourhoods tending to experience lower standards than wealthier neighbourhoods. Does this mean the council should skew its environmental services towards the parts of the city that need it most, potentially damaging standards in parts of the city where residents have demonstrated a greater capacity to keep their neighbourhoods clean, or a lower tolerance of poor standards? What role should personal responsibility play?

There are many more difficult questions facing the city and, whilst there will rarely be one right answer, the work of the Commission will help the council to consistently apply clear principles of fairness in addressing these issues.

**Is Newcastle a Fair City?**

Fairness is not the same as equality, but the concepts are closely related. Poverty damages health, wellbeing and life chances and disparities breed resentment and mistrust. For communities to thrive people must feel they are being treated fairly and have equal chances to enjoy a good quality of life. The current economic reality is one in which inequality has the potential to become significantly worse, not better. However, if we make the right decisions then we could make significant progress in reducing inequalities – in these difficult economic times we can choose to become a more equal city.
There is extensive evidence of the nature, extent and impact of inequality within Newcastle and between Newcastle and elsewhere\(^3\). We know that particular groups of people and certain areas of the city are more likely to experience poverty and the links between socio-economic status and health, wellbeing and life chances are well-documented\(^4\). We have illustrated some of these inequalities below.

The council is bringing this information together in the Newcastle Future Needs Assessment. This analysis of the data, evidence and knowledge held in the city will underpin future policy and help to ensure that resources are directed on the basis of a coherent single evidence base and assessment of priority.

- Life expectancy at birth for Newcastle men is lower than for England as a whole and within the city there are stark differences in this indicator, with a difference of 12.6 years in male life expectancy between South Gosforth and Byker.

- Disability-free life expectancy for men and women in Newcastle is shorter than the England average. Compared to those in the richest areas, women and men in the poorest areas of Newcastle die younger and live a larger proportion of their shorter lives with a disability.

\(^3\) For example:
Newcastle Joint Strategic Needs Assessment

\(^4\) For example:
*Fair Society, Healthy Lives* (2010), The Marmot Review
Almost one in three children in Newcastle, and over half of the children living in Westgate, Walker, Byker and Elswick, are classed as living in poverty.

School pupils who receive free school meals and those who live in the most deprived neighbourhoods are less likely to stay on at school beyond year 11. In Newcastle the gap between the proportions of young people from low income backgrounds progressing to Higher Education and their peers has increased in recent years.
• Sections of the population including care leavers, those with learning difficulties or disabilities, young offenders, teenage mothers and those living in the most deprived areas of the city are most likely to be not in education, employment or training.

• The North East region has the lowest income per head within England and a quarter of Newcastle’s neighbourhoods are in the ten percent most deprived nationally, as measured by the Index of Multiple Deprivation.

• Newcastle has a large number of people who are without work and claiming benefit – 27,870 or 15.6% of working age people. Around half of those claiming out of work benefit in Newcastle claim Incapacity Benefit.

• Poor families pay on average a £1,000 annual ‘poverty premium’ for the most essential goods and services such as gas, electricity and insurance.

A high proportion of the city’s crime is concentrated in a handful of areas, and some groups are significantly more likely to be victims of crime – most strikingly, over 50% of victims are between 17 and 27.

These stark inequalities matter because they represent shorter lives, lost opportunities in education and employment, broken families and fractured communities. But inequality is not just a challenge for the most disadvantaged neighbourhoods. Research shows that more unequal societies suffer greater social problems such as poor health, low educational attainment, lost opportunities for economic growth and higher crime. These are issues which impact on everyone. So, we all benefit from reducing inequalities and creating a fairer city.
The council recently hosted a debate in the City Library, to consider the impact of social class on the experience of people in Newcastle and elsewhere\(^5\). The debate highlighted the important role of public attitudes and media stereotyping, in influencing perceptions of individuals and communities.

**The Policy Context**

This section highlights the current policy context in which we are considering questions of fairness – not only cuts in public spending but also new and forthcoming government policies that could present challenges and opportunities around fairness and inequality. It is important that the council thinks about these policy developments and how we can work with and around them to make Newcastle a fairer place.

*Fairness and the Council Budget*

Reductions in public spending have represented a serious challenge for Newcastle over the past three years and will continue to do so in the future. The city and the surrounding areas are **relatively highly dependent upon public spending**; more than 30% of jobs in Newcastle are in the public sector, and publicly funded organisations such as The NHS, Universities and City Council have historically exercised significant spending power in the local economy. In addition, other sources of public money used in recent years to develop private sector activity and fund the Voluntary and Community Sector are gone or will be reduced.

Councils have difficult decisions to make in response to the Local Government Finance Settlement. There is growing recognition that they cannot continue to deliver services as before, either in the range, scope or design. Councils seeking to negotiate a fair settlement in their locality are looking at the opportunities presented by the localism agenda for local areas to define their own values and concepts of fairness. Many councils are looking at transformative approaches including outsourcing, transferring assets to communities, social enterprises and co-operatives, asking how these approaches might support councils to strengthen and empower communities and respond fairly to the fiscal challenges we face. Different places will make very different choices.

The council has given practical effect to this challenge in its budget proposals for 2012, entitled “**A Fair Budget for a Fairer City**”. The Budget is accompanied by a supplemental document, setting out how the proposals impact on different sections of the population. This is informed by an Equality Impact and Needs Assessment of every budget proposal. The council welcomes contributions to the consultation, in particular to improve the fairness of the proposals, before the final budget is agreed by the City Council.

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\(^5\) The seminar heard from Owen Jones, presenting the arguments in his book “Chavs: The Demonisation of the Working Class”.\[315\]
Maximising the opportunities from Localism

The **Localism Act** will devolve more power to local areas and will be hugely significant for local government. It introduces a **General Power of Competence** that will enable councils to undertake anything that private individuals are able to. The **Community Right to Challenge** gives non-statutory groups the right to express an interest in taking over the running of a local service. Whilst this could potentially lead to a fragmentation of services, it also allows councils to explore ways to promote greater empowerment and cooperative working with communities.

**Access to education**

The relationship between local authorities and schools is changing, with **schools becoming increasingly autonomous**. Local authorities are now responsible for commissioning all **education and training** for people aged 16-19 in the context of a move to a system where the government sees providers responding to the demands of employers and learners. At the same time, the Education Maintenance Allowance has been abolished and the bursary scheme which partially replaces it is a significantly smaller pot of money. **Higher Education** policy is following a similar quasi-market route wherein the government anticipates that funding will follow undergraduate students who will choose from competing higher education institutions. This comes in the context of a well publicised large increase in undergraduate tuition fees.

Although spending reductions will inevitably put pressure on key services, there is growing interest in **early intervention** programmes which may provide the most cost-effective and successful means of improving the life chances of the most disadvantaged young people⁶. Early intervention programmes will require re-thinking the relationship between government, local government and local providers and consideration of alternative funding models.

**Welfare, health and social care reforms**

The government is moving ahead with a range of **welfare reforms** which will mean important changes for Newcastle. Benefits are to be reduced – some immediately, some in real terms over time. Council tax benefit will be cut and localised, and new restrictions on Housing Benefit introduced. Some people currently receiving Disability Living Allowance will not do so in the future. Many who in the past have received disability-related benefits will be required to look for work. This year the government will introduce its new **Work Programme** for people who are long term unemployed, in which private providers are paid by results. The Work Programme comes in the context of the tightening of criteria for receiving some benefits, together with stronger sanctions for those refusing offers of work.

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The **Health and Social Care Bill** proposes structural changes to the NHS. The proposals to shift to GP commissioning are well publicised but the Bill also gives local authorities important duties to improve public health. The government has promised to address the long-term sustainability of **Adult Social Care**, in the light of a national £1.7 billion financial shortfall.

**How can we respond?**

Some of the most powerful levers to address inequality and unfairness are undoubtedly held by national government – for example through the tax and benefit system. But we should not underestimate the impact of decisions we take locally on critical issues such as planning, housing, economic development, neighbourhoods, services to children and adult social care.

As a council committed to fairness as a guiding principle, we are working hard to mitigate the impact of budget reductions on the most disadvantaged. However the council’s approach to fairness goes well beyond the budget, and underpins our policy priorities of:

- **A working city** – creating a new generation of good quality jobs and helping local people develop the skills to do them.

- **Decent neighbourhoods** – working with local communities to look after each other and their environment.

- **Tackling inequalities** – tackling discrimination and inequalities which prevent people and communities fulfilling their true potential.

- **A fit for purpose organisation** – by securing a more effective council with fewer management and back-office costs, slimmed down administrative processes, and better use of assets.

The council is now taking further steps to advance fairness, including:

- **Establishing an independent Fairness Commission** – to make recommendations on how the council can secure a fairer city (see page 3).

- **Becoming a Cooperative Council** - over the next three years, the council will become a different kind of local authority, moving to more co-operative models of service delivery and working more actively with communities to shape services according to different needs.

- **Learning from the Let’s Talk Newcastle programme** – this is the council’s way of engaging and involving local people in conversations about difficult decisions. This frank approach to sharing information and listening to views and opinions has already helped the council to engage with a wide cross section of Newcastle’s population, and this has made the importance of fairness and equality more visible. In one of the first Let’s Talk events, residents who took part said that their highest “fairness and equalities” priority was the need for more housing, with children getting a fair start in life a close second. The third priority was the need for
employers to pay people a decent living wage. We will build on this learning with a series of Lets Talk Fairness events in the new year.

- **Introducing a Newcastle Living Wage** – to help the lowest paid workers across the city. The council has already established an independent advisory panel to help establish a living wage level that is appropriate for Newcastle.

- **Using the Newcastle Future Needs Assessment** – to ensure that council and partner resources are applied to the highest priority needs of the people of Newcastle. The Newcastle Future Needs Assessment (NFNA) will provide an integrated and evidence-based means of determining priorities for the city as a whole. It has as its core objective the reduction of inequalities.

- **Establishing a Wellbeing for Life Board** - as the lead partnership body for the city, going beyond the core legal requirements, to consider a wider range of social and economic determinants of health; alongside partnership arrangements in areas such as community safety, the economy and housing.

- **A Community Cohesion mainstreaming framework** - to ensure support for communities across the city in resolving tensions and conflicts which might arise between groups of residents. The council is also providing evidence to the national commission considering why riots occurred last August in some communities but not others.

- **Devolving more responsibilities and resources to community level** - including through an enhanced role for Ward Councillors within their wards, and by consulting on **Decent Neighbourhood Standards**.

**Questions for Policy Cabinet**

1. How can we use the full range of local powers and resources to create a fairer city?
2. What are the key principles of fairness which should underpin Newcastle Council’s policy, planning and decision-making?
   a. What do we understand by ‘fairness’?
   b. How can different concepts of fairness be applied to help the city make the right decisions?
3. How can creating a fairer city help to tackle inequalities?
4. How can we respond to national policy developments, and the financial cuts, in a way that is fair for and within Newcastle?
5. How can local authorities and communities negotiate concepts of fairness which foster greater cohesion and greater trust between the city’s residents and institutions?
6. What are the critical social and economic policies that would need to be put in place to create and secure a fairer city?