

National Assembly for Wales
Communities, Equality and Local
Government Committee

Inquiry into Poverty in Wales: Poverty and Inequality

June 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Communities, Equality and Local Government Committee

The Committee was established on 22 June 2011 with a remit to examine legislation and hold the Welsh Government to account by scrutinising expenditure, administration and policy matters encompassing: Wales's culture; languages communities and heritage, including sport and the arts; local government in Wales, including all housing matters; and equality of opportunity for all.

Current Committee membership:



Christine Chapman (Chair)
Welsh Labour
Cynon Valley



Peter Black
Welsh Liberal Democrats
South Wales West



Alun Davies
Welsh Labour
Blaenau Gwent



Jocelyn Davies
Plaid Cymru
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North Wales



Gwyn Price
Welsh Labour
Islwyn



Gwenda Thomas
Welsh Labour
Neath



Rhodri Glyn Thomas
Plaid Cymru
Carmarthen East and Dinefwr

The following Member attended as a substitute member of the Committee during this inquiry



John Griffiths
Welsh Labour
Newport East

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Summary of conclusions and recommendations

More than one in five people live in poverty in Wales. Since the early 2000s, the level of poverty in Wales has been static, and Wales is currently behind only London (28%) and on par with the West Midlands, with 23% of the population living in poverty. In other areas of the UK with high poverty, like north-east England, the level of poverty has fallen more than in Wales over the same period.

Leadership and accountability

1. We are deeply concerned by the Welsh Government's lack of progress in reducing poverty, particularly given its long-term commitment and investment in the issue. We believe that this is due, at least in part, to the approach taken by the government to date, which focuses on treating the symptoms of poverty rather than tackling the root causes.
2. While we understand that the primary levers for reducing poverty, such as tax and benefits, are not devolved, we consider that the Welsh Government could do much more within the confines of the current devolution settlement. We welcome the UK Government's recent commitment to devolve the socio-economic duty in the Equality Act 2010, and hope this can be a useful tool to the Welsh Government in ensuring public authorities are joined up in the way that they tackle poverty.
3. The Welsh Government needs to be more accountable for poverty reduction in Wales. The current arrangements are introspective, disparate and ineffective. There needs to be more external involvement in scrutiny and policy creation from public, third, private and academic sectors. Poverty reduction is not something that can be achieved by the government in isolation.
4. We believe that the Welsh Government needs to be more innovative in its approach to reducing poverty. We have highlighted many examples of good practice in this report (Changing Lives' HomeLife, the '[Deep Place Study, Tredegar](#)', the Scottish Poverty Alliance and the Red Cross destitution fund), which should be considered seriously by the Welsh Government.
5. The Welsh Government also needs to listen to people's experiences of poverty and form policy based on what works best for individuals, taking into account different needs, characteristics and circumstances.

We recommend that the Welsh Government establishes a Welsh Poverty Reduction Alliance, which draws together Ministers and officials (including local government), with the third, private and academic sectors. It should also include representation from people living in poverty. This group should form the basis of innovative policy development, implementation and on-going scrutiny of poverty levels in Wales.

We recommend that the Minister reports back to the Committee on the action taken by the Welsh Government as a consequence of the ‘Deep Place’ Study, Tredegar.

Understanding poverty

6. The Welsh Government needs a deeper understanding of the population living in poverty in Wales. It should adopt a clear definition of poverty based on needs and resources, rather than the standard income-based measurement. The government’s approach to tackling poverty should be formed around addressing every person’s minimum human needs – this means food, shelter and fuel. The definition should also reference the ‘minimum income standard’ research by the Joseph Rowntree Foundation, which is based on what the public considers to be enough money to live on in order to maintain a socially-acceptable quality of life.

We recommend that the Welsh Government adopts a clear definition of poverty. We suggest that this is based on the measurement of whether a person's resources are sufficient to meet their minimum human needs and to have an acceptable living standard which allows them to participate in society.

We recommend that the Welsh Government makes a commitment in its tackling poverty strategy to ensure every person in Wales has food, shelter and warmth. This should include detailed analyses and targets for food poverty, fuel poverty and homelessness.

Who is living in poverty?

7. People living in poverty in Wales are not a homogenous group, and the Welsh Government needs to improve its data around poverty to reflect this.

8. As a consequence of a lack of data, we heard that policy makers are currently ‘working in the dark’. This is unacceptable. The Welsh Government

urgently needs to develop a strong evidence base that identifies exactly who is in poverty, and describes clearly the depth and persistence of poverty in Wales. This should go hand in hand with dramatic improvements to monitoring arrangements of current programmes that can demonstrate tangible progress in poverty reduction, or the lack thereof. Otherwise, the status quo will continue: policy developed in the absence of evidence; performance monitored in the absence of data.

We recommend that the Minister commissions research that significantly improves the quality, scope and extent of poverty data in Wales. This research should seek to establish which groups of people in Wales are disproportionately likely to be living in poverty, and identify the range of interventions that work best for different people, based on evidence rather than anecdote.

Increasing household incomes

9. The primary failing of the government's approach to tackling poverty is the lack of a clear economic policy. This needs to be rectified and developed alongside an effective poverty reduction strategy. We are aware that the Enterprise and Business Committee's [inquiry](#) into trade and inward investment heard that the Welsh Government needs to be clearer about its economic strategy. That Committee recommended, in its October 2014 [report](#), that the Welsh Government should set out "a clear economic development strategy". We strongly believe that only a bold, long-term realignment of the economy will tackle the scale of poverty in Wales.

We recommend that the Welsh Government, as part of a clearly articulated economic development strategy, sets out how this strategy is aligned with its policies and interventions aimed at tackling poverty.

10. Half of people in poverty live in working households. Changes to the labour market mean that work is no longer a straightforward route out of poverty.

11. The Welsh Government needs to get to grips with the low skilled end of the labour market in Wales, such as the care, retail and hospitality sectors. It should work to drive up the quality of low-skilled jobs using the influence it already has, for example through procurement rules and grant funding conditions. This would go a long way to improving the quality of life for people experiencing in-work poverty.

12. Improving engagement with the private sector is crucial to poverty reduction. Jobs created by government initiatives should be high quality, with decent pay, secure contracts and good employment packages, such as childcare and flexible hours.

We recommend that the Welsh Government uses its influence on the low-skilled end of the labour market (particularly the care, retail and hospitality sectors), through procurement and grant funding conditions, to improve the quality of life for people experiencing in-work poverty. This needs to be done in conjunction with the private sector through improved engagement.

The majority of us recommend that the Welsh Government presses for the devolution of the Work Programme, so that helping people into work is based on local knowledge and focused on people furthest from the labour market. This should provide tailored solutions for different groups of people, particularly women and disabled people.

13. Income maximisation for people who cannot work is also extremely important. We believe that the under-claiming of benefits such as Pension Credit should be addressed as a priority, and advice services are critical to this. We heard from respondents that unclaimed Pension Credit could be worth upwards of £168 million to the Welsh economy, but the Welsh Government's 2013 [Advice Services Review](#) did not contain any recommendations on the take-up of Pension Credit.

14. We are concerned that the Welsh Government is investing in generic advice services, rather than those designed for people with specific needs, particularly disabled people.

15. We are also concerned about the provision of crisis payments. The Welsh Government's Discretionary Assistance Fund has been under-claimed, and consequently the Welsh Government chose to reduce the size of the Fund in the 2015-16 budget (from the original £10.2 million to £7.2 million). However, we understand that this underspend was a result of difficulties in accessing the fund and a general lack of awareness of its existence, rather than a lack of need.

16. Since the Minister's appearance before the Committee, the Welsh Government has published an evaluation of the Discretionary Assistance Fund (DAF). This evaluation sets out a number of areas for improvement, including simplification of the application forms, the provision of formal training for relevant staff and caseworkers, and the extension of the range of

goods and services that can be accessed through the fund. While these are to be welcomed, we note that the focus of the evaluation was whether the DAF was being implemented as intended and on wider process issues.

We recommend that the Welsh Government prioritises the under-claiming of benefits such as Pension Credit and the Discretionary Assistance Fund (DAF) in Wales.

We recommend that the eligibility criteria for the DAF be widened, for example, by not requiring people to apply for a budgeting loan before applying for the DAF. We also recommend that the original allocation of £10.2 million for the Fund is restored.

1. Overview

17. Poverty levels have remained largely static in the UK and in Wales for the past 25 years, and governments both domestically and internationally are rethinking their approaches to tackling poverty.

How is poverty measured?

18. Poverty is statistically defined in the UK and the EU as when a household income is below 60% of the national median. This is known as “relative income poverty” because the poverty line moves in line with the median from year to year. If median income goes up, then so does the relative poverty line. The relative income poverty indicator measures whether poorer households are keeping up with those on middle incomes.

19. The main justification for using a relative measure of poverty is that society’s view of what constitutes a minimum acceptable living standard moves with the times, as the resources available to that society increase.

20. Other definitions of poverty are also used, such as the Joseph Rowntree Foundation’s definition: “when a person's resources are not enough to meet their basic needs, including social participation”.

What is people’s experience of poverty in Wales?

21. Poverty in Wales is higher than the UK average, and the proportion of the Welsh population living in relative income poverty is forecast to rise. The Institute for Fiscal Studies forecasts that child poverty in Wales could increase by around a third by 2020. Save the Children forecasts an even greater increase, with the child poverty rate exceeding its early 1990 levels by 2020.

22. The UK Government Department for Work and Pensions publishes annual statistics on [Households Below Average Income](#), but figures for Wales are three-yearly averages.

23. Official statistics show that 16.8% of the population were in poverty in the UK in 2012–13. The Joseph Rowntree Foundation publishes two-yearly monitoring reports on poverty in Wales. The [2013 report](#) contained the following findings:

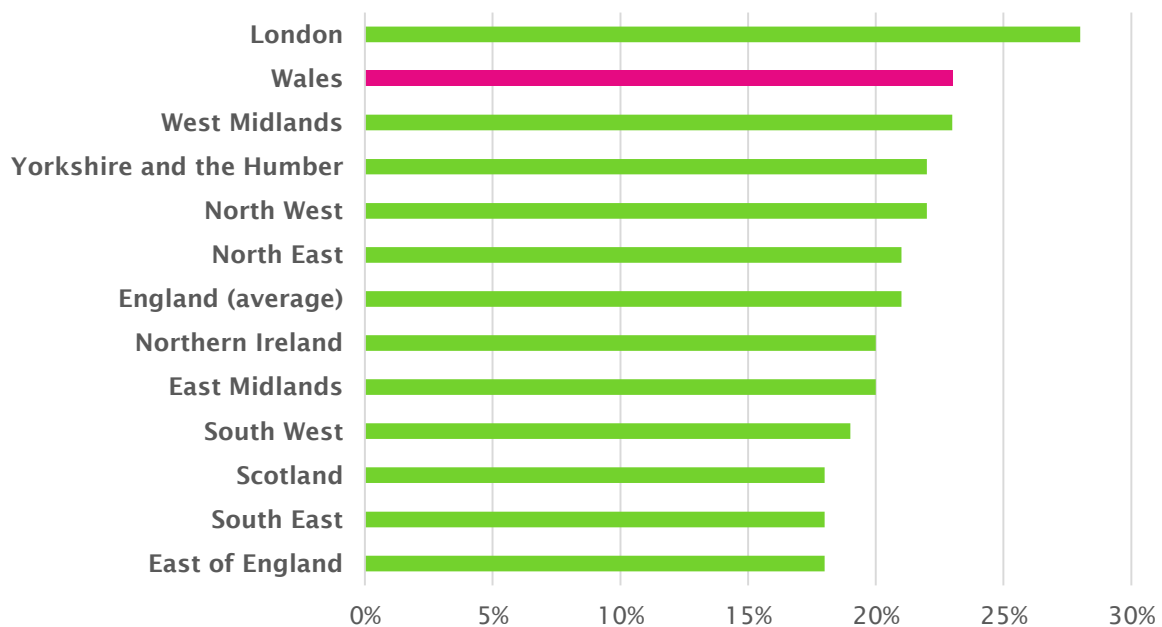
- “Over the three years to 2011/12, 690,000 people (23%) were living in low-income households in Wales. Although the total has changed little

since the early 2000s, the proportion in working families has risen steadily.

- The pattern of in-work poverty across Wales differed from that of out-of-work poverty. As a proportion of their working-age populations, the West, North-West and East (predominantly rural) had high numbers receiving in-work benefits, while Cardiff had a low number. By contrast, the six South Wales valleys had high numbers claiming out-of-work benefits.
- Some 29% of people in ‘part-working’ families had low household incomes, but only 7% of those in ‘full-working’ families. For some, working more hours is part of the answer to in-work poverty.
- Around 235,000 working-age adults in Wales were disabled and not in work; just over a third of them wanted paid work. Overall, 217,000 people in Wales lacked but wanted work in 2012.”¹

24. Since 1994, the percentage of people in Wales in poverty has decreased only slightly, from 27% of the population to 23%. Other regions with historically high levels of poverty, like north-east England, have seen a more marked decrease in poverty, from 29-30% in the mid-1990s to 21% between 2010 and 2013.

Figure 1: Percentage of population living in poverty (after housing costs), by region and country, 2010-13

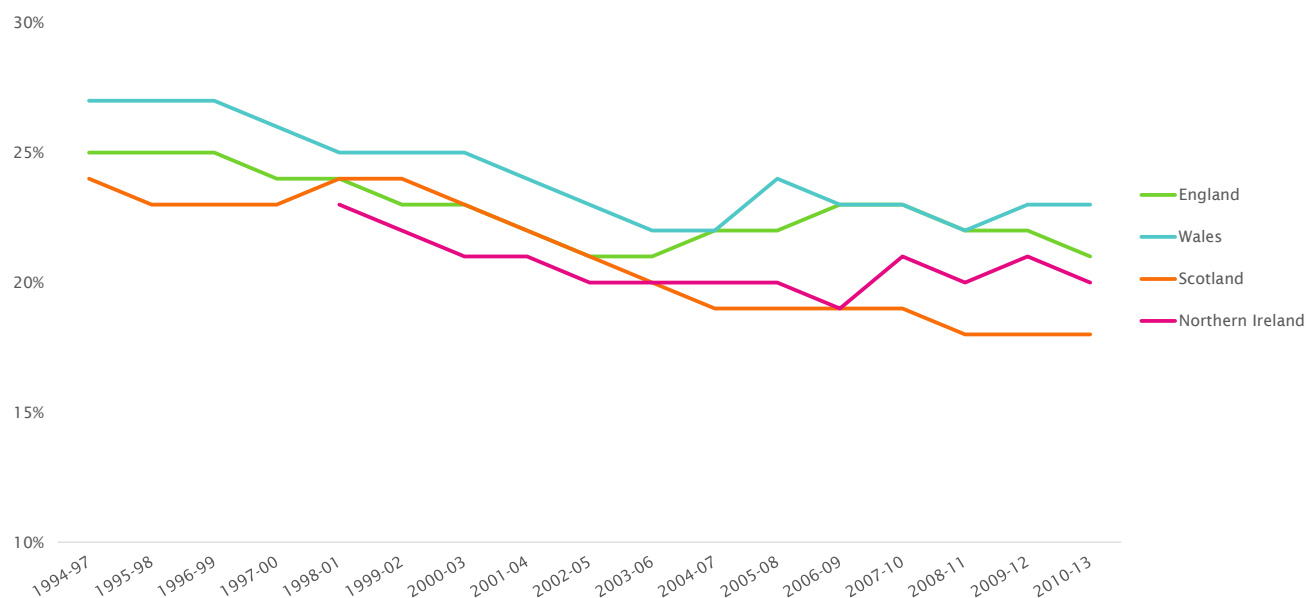


Source: Department for Work and Pensions [Households Below Average Income](#)

¹ [Monitoring poverty and social exclusion in Wales 2013](#), Joseph Rowntree Foundation

25. Now, Wales is behind only London (28%) and on par with the West Midlands at 23% of the population living in poverty. Every other UK country and English region has lower levels of poverty than Wales, according to the [most recent Department for Work and Pensions](#) statistics.

Figure 2: Percentage of people living in households with less than 60 per cent of median household income, by country, after housing costs, 1994-2013



Source: Department for Work and Pensions [Households Below Average Income](#)

26. The nature of poverty is also changing. There has been a marked change in the groups of people at greatest risk of poverty. The risk of older people being in poverty has decreased in the last 15 years, standing at a historic low of 14%. But the risk of being in poverty for children and people of working age has remained unchanged overall, and risen for certain groups.

27. Against this backdrop of stubbornly high poverty levels, the Welsh Government has a difficult task in achieving its [Programme for Government](#) aim of ‘tackling poverty and material deprivation’.

The Committee’s findings

28. The definition of poverty is at the core of our conclusions. We received a significant amount of evidence that echoed previous research, which found that the first step towards tackling poverty is understanding it better.

29. We also received evidence that while the infrastructure that is in place to tackle poverty in Wales is comparatively good, a lack of understanding about poverty, coupled with inconsistent implementation of policies and

programmes, has meant that little progress has been made in reducing overall poverty figures.

30. Some of the major levers of influence over poverty such as the tax and benefits system are not devolved. However, other interventions are available to the Welsh Government within the current devolution settlement.

31. During the Committee's inquiry, through oral and written evidence, project visits and a roundtable event, respondents suggested ways in which the Welsh Government could improve its approach to tackling poverty, including:

- a strategic focus on meeting minimum needs;
- establishing a clear definition of poverty, based on needs and resources;
- improving data on poverty to target resources at those most in need;
- a stronger link with economic policy; and
- better understanding of the low-skill end of the labour market.

32. This report will explore how the Welsh Government's approach to tackling poverty can be improved through better understanding, improved leadership and co-ordination, alongside specific actions to raise household incomes.

2. Leadership and accountability

33. In relation to tackling poverty, the Welsh Government's aim, as provided for in its [Programme for Government](#), is "reducing poverty, especially persistent poverty amongst some of our poorest people and communities, and reducing the likelihood that people will become poor."

The Tackling Poverty Action Plan

34. The Welsh Government's original Tackling Poverty Action Plan (TPAP) was published in 2012, and "refreshed" in 2013 and in 2014.

35. The [current TPAP](#) has three overarching aims of:

- preventing poverty;
- helping people into work; and
- mitigating the impact of poverty.

36. The TPAP draws together key tackling poverty programmes such as Communities First, Flying Start, Families First, Jobs Growth Wales, the Pupil Deprivation Grant, credit unions, advice services and health initiatives.

37. In the TPAP, the Welsh Government acknowledges the extent of the challenge of tackling poverty. The government highlights the current economic climate, rising living costs, and the implementation of the UK Government's welfare reform agenda and other austerity measures as factors which are compounding this challenge.

38. According to the government, the lack of control that it has over the benefits system and key economic levers means "there is a limit to what we can do to make life better for those people in Wales who will feel the impact of all these changes".

39. Lesley Griffiths AM, Minister for Communities and Tackling Poverty, currently has overall responsibility for tackling poverty, including delivering the TPAP. However, each Minister has responsibility within their own portfolio for contributing to the government's aim of reducing poverty.

Leadership

40. There was a general consensus among respondents that tackling poverty was a priority for the Welsh Government and that it was continuing to demonstrate commitment to this agenda. However, it was clear that more

could be done to translate the government's commitment into a tangible reduction in poverty levels.

41. In commenting on the issue of priority, the Bevan Foundation and Joseph Rowntree Foundation (JRF) noted:

“The Welsh Government Ministers have stated on many occasions that ‘tackling poverty’ is its number one priority. It has introduced a raft of legislation policies and mechanisms to support this objective”.

42. They cited the TPAP, Tackling Poverty Implementation Board and local government anti-poverty champions as examples of such mechanisms.

43. The Bevan Foundation added:

“(…) there are very positive statements from the First Minister and across many, if not all, Ministers as well, and clear directions to public bodies that they should be doing something to tackle poverty. I think that we actually have quite a good political and administrative infrastructure there, and that is very welcome (…) simply having that commitment and having that strategy is recognised to make a difference.”

44. Linked to the above, the Wales Council for Voluntary Action (WCVA) referred to the Welsh Government's “strong track record and leadership” in relation to tackling poverty and inequality. It stated:

“There is some evidence at a strategic level of the Welsh Government organising itself differently to facilitate cross government action and to drive operational integration across Government departments.”

45. However, respondents including the Bevan Foundation and JRF questioned whether these measures have made a difference. We heard that measuring the impact of tackling poverty programmes has historically been difficult. A [recent evaluation of the Communities First programme](#) found that:

“A key ongoing challenge for the Welsh Government is obtaining robust, and consistent, performance monitoring data for the Programme. (...)”

“Given the complexity of measuring some of the desired outcomes, guidance around this is critically important if the Welsh Government is to truly understand what the Programme is achieving. Without this,

there is a risk that it will not be possible to robustly demonstrate the impact of the [CF] Programme and how comparable the quality of outcomes will be across different activities and areas.”

46. The Bevan Foundation and JRF referred to an IPSOS Mori and New Policy Institute evaluation of approaches to child poverty concluding that “the combination of political priority and having the TPAP in place has raised the profile of the issue [of child poverty] and helped to secure resources.”

47. A number of respondents, including the WCVA and the Coalfields Regeneration Trust, expressed disappointment about the loss of a dedicated cabinet member with sole responsibility for tackling poverty, following the cabinet reshuffle in September 2014. Referring to this, the WCVA stated:

“(…) there is a need for Welsh Government to evidence that tackling poverty remains a key priority of Government business. In our view, the First Minister has the opportunity to lead a whole Government approach by pressing Ministers to focus investment and make transparent the resources to tackle poverty in their respective departments.”²

48. Barnardo’s Cymru stated that having a dedicated Cabinet Member for tackling poverty had provided a “strong focus”. It noted that the Minister now has “a very broad portfolio” and suggested that this could have implications for maintaining focus on tackling poverty.

Budgets and accountability.

49. Respondents including the Bevan Foundation and JRF commented on the Welsh Government’s “relatively small budget” for tackling poverty, stating:

“Given the high priority afforded to ‘tackling poverty’, the relatively small budget specifically earmarked for it only makes sense if the major spending departments have fully incorporated ‘tackling poverty’ in their own priorities, policies and programmes. Progress has been made but there is still more to be done.”³

50. The WCVA suggested that the Welsh Government should do more to ‘poverty-proof’ its budget to ensure transparency and allow for better scrutiny.

² Written evidence PIW 21

³ Written evidence, PIW 03

51. Age Cymru highlighted what it believed to be a “circular element” to objectives and references between cross-cutting strategies like the TPAP and the Strategy for Older People in Wales. It explained that the Strategy for Older People in Wales identifies key solutions to poverty amongst older people, such as benefits take-up services, and refers to the TPAP as the method of delivery. However, the refreshed TPAP “refers to the Strategy for Older People as a way in which objectives will be achieved and there is no distinct reference to increasing benefits take-up as an objective.”

52. Age Cymru went on to state:

“We fear that the circular nature of many of the references, and the reliance on other departments across Welsh Government to deliver many of the actions, may result in elements of the Tackling Poverty Action Plan experiencing the same issue.”⁴

Co-ordination and engagement

53. Isle of Anglesey Council and Conwy County Borough Council called for the Welsh Government to provide clear strategic direction and to better communicate tackling poverty policies to local government. Citizens Advice Cymru said that while there are good examples of working between the third sector and local authority nominated anti-poverty champions, “in other [areas] there is no such relationship and we feel that a stronger relationship between Anti-Poverty champions and local CAB would engender better co-produced solutions to local issues.”⁵

54. JRF questioned “whether there is a case for having a separate grouping or independent organisation really focusing on bringing those involved with poverty together”. It explained that in Scotland there is a ‘poverty alliance’, which was “effectively, an umbrella body, advocating independently on the poverty issues and responses to them”. A similar organisation exists in Ireland. These alliances draw together the public, private, academic and third sectors to co-ordinate action to tackle poverty.

55. Professor Jane Millar referred to the previous Combat Poverty Agency, set up by the Irish Government, as an example of good practice that the Welsh Government could potentially draw upon.

⁴ Written evidence PIW 05

⁵ Written evidence PIW 11

56. There is evidence from [New Policy Institute research](#) that such groups can be successful in terms of accountability, external engagement (beyond government) monitoring and evaluation:

“The creation of dedicated institutions or systems of governance tasked with overseeing the development of [an] anti-poverty strategy seems to contribute to the success of a strategy. The Combat Poverty Agency (CPA) in Ireland is a notable example. The CPA advised government throughout the development process and acting as an intermediary between government and the community and voluntary sectors ensured that the real experiences of people in poverty reached those tasked with developing the strategy.”⁶

57. Similarly, in Belgium the Combat Poverty, Insecurity and Social Exclusion Service was created with the aim of maintaining dialogue between different parts of government and external stakeholders.⁷

58. Currently, the WCVA hosts the [Third Sector Anti-Poverty Taskforce](#), which provides a focus for co-ordinating activities and supporting the sector to work more strategically. It was set up to develop a whole-sector approach to tackling poverty.

Socio-economic duty

59. A number of respondents, including the WCVA, Oxfam Cymru and Barnardo’s Cymru acknowledged the Welsh Government’s commitment to implementing a socio-economic equality duty on public bodies in Wales, which could be a useful additional tool for tackling poverty. This duty would require public bodies to have regard to socio-economic equality when reaching decisions, along with the protected characteristics of gender, age, disability, race, religion and sexual orientation.

60. The WCVA stated:

“Legislation can be a key driver of change – and there is potential (as yet unrealised) for the law to accelerate further integration by mainstreaming and deepening the legal commitment to equality and

⁶ New Policy Institute, [International and historical anti-poverty strategies: evidence and policy review](#)

⁷ *ibid.*

making practical links to the tackling poverty agenda through implementation of the socio-economic duty.”⁸

61. Similarly, Oxfam Cymru stated:

“(.) the commitment from the Welsh Government to implement a socio-economic equality duty on public authorities in Wales could be an excellent first step to ensure that government policies and private sector actions have a genuinely positive impact on the most disadvantaged Welsh people and the communities in which they live.”⁹

62. Recently, the UK Government’s St David’s Day agreement included a commitment to devolve the socio-economic duty in the *Equality Act 2010*, which would enable this duty to be commenced in relation to Wales.

63. The Welsh Government has previously commissioned research on the issue in 2013¹⁰. [As reported last year in our inquiry into the future of equality and human rights in Wales](#), the duty may need redrafting for implementation in Wales to be effective.

64. Respondents also discussed the potential for the Well-being of Future Generations (Wales) Bill to contribute to the tackling poverty agenda. The Welsh Local Government Association (WLGA) stated that “the Future Generations Bill presents an opportunity to explore how equality and anti-poverty work can be effectively woven together, both in terms of understanding need and developing a more integrated approach to planning”.¹¹

65. Oxfam Cymru added that:

“(...) the [socio-economic] duty could be enforced by the independent Equalities Commissioner or Future Generations Commissioner who would ensure spending decisions are poverty proofed and communities wishing to challenge Government policies and private

⁸ Written evidence PIW 21

⁹ Written evidence PIW17

¹⁰ Minister for Communities and Tackling Poverty, [response to Communities, Equality and Local Government report into the future of equality and human rights in Wales](#), November 2013

¹¹ Written evidence PIW 26

sector action that do not contribute to sustainable development and socio- economic equality are supported.”¹²

Evidence from the Minister

66. In commenting on the issue of tackling poverty as a priority for the Welsh Government, the Minister stated that “across Government, at a Ministerial level, there is (...) a very strong commitment to tackling poverty”. She went on to say that “we can drill down a bit deeper—and to make sure that, at an official level, there is the same commitment as at ministerial level.”¹³

67. She reported that, although she had overall responsibility for tackling poverty, “every Minister, right across Government, has responsibility within their own portfolio to address poverty”.¹⁴

68. The Minister stated that the Welsh Government’s “shared approach” to tackling poverty was “the right one” and reported that this was also the view of the UK Social Mobility and Child Poverty Commission.¹⁵

69. Responding to the suggestion that, despite being a key priority for the Welsh Government, there has been a lack of progress made in tackling poverty, the Minister stated:

“(...) we have to be very honest about what we can achieve. I think that we have to recognise that there are a lot of factors that are outside our control. I do believe that our policies and programmes are making a difference.”¹⁶

70. The Minister explained that a report on progress against the TPAP was published annually and that the first report, which had been published in July 2014, “shows us that our targets and our milestones are decreasing poverty”. In seeking to clarify this, the Minister’s official stated “in some areas, we are making a difference, and in (...) other areas, we need to do more.” She went on to say:

“(...) within the Tackling Poverty Action Plan, we’ve highlighted areas of action where we think we can make a difference (...) we are very

¹² Written evidence PIW 17

¹³ Record of Proceedings (RoP), 14 January 2015

¹⁴ RoP, 14 January 2015

¹⁵ *ibid.*

¹⁶ *ibid.*

closely monitoring the results of that work and what impact we're making there."¹⁷

71. The Minister provided details about the Welsh Government's Tackling Poverty Implementation Board, which comprised senior officials from government departments who are accountable for the targets and milestones in the TPAP. According to the Minister, the Board provides her with an opportunity to ensure policies, programmes, strategy documents and departments are working together to reduce poverty in Wales in a co-ordinated and coherent manner.

72. The Minister further explained that, following concerns about the performance of some departments, she would be inviting individual Ministers to attend Board meetings to account for progress towards targets within their respective portfolios.

Our view

73. We are deeply concerned by the Welsh Government's lack of progress in reducing poverty, particularly given its long-term commitment and investment in the issue. We believe that this is due, at least in part, to the approach taken by the Government to date, which focuses on treating the symptoms of poverty rather than tackling the root causes.

74. While we understand that the primary levers for reducing poverty, such as tax and benefits, are not devolved, we consider that the Welsh Government could do much more within the confines of the current devolution settlement. We welcome the UK Government's recent commitment to devolve the socio-economic duty in the Equality Act 2010, and hope this can be a useful tool to the Welsh Government in ensuring public authorities are joined up in the way that they tackle poverty.

75. The Welsh Government needs to be more accountable for poverty reduction in Wales. The current arrangements are introspective, disparate and ineffective. There needs to be more external involvement in scrutiny and policy creation from public, third, private and academic sectors. Poverty reduction is not something that can be achieved by the government in isolation.

76. We believe that the Welsh Government needs to be more innovative in its approach to reducing poverty. We have highlighted many examples of

¹⁷ RoP, 14 January 2015

good practice in this report (Changing Lives' HomeLife, the '[Deep Place Study, Tredegar](#)', the Scottish Poverty Alliance and the Red Cross destitution fund), which should be considered seriously by the Welsh Government.

77. The Welsh Government also needs to listen to people's experiences of poverty and form policy based on what works best for individuals, taking into account different needs, characteristics and circumstances.

We recommend that the Welsh Government establishes a Welsh Poverty Reduction Alliance, which draws together Ministers and officials (including local government), with the third, private and academic sectors. It should also include representation from people living in poverty. This group should form the basis of innovative policy development, implementation and on-going scrutiny of poverty levels in Wales.

We recommend that the Minister reports back on the action taken by the Welsh Government as a consequence of the 'Deep Place' Study, Tredegar.

3. Understanding poverty

78. During the course of our inquiry, we considered whether it was the fundamental responsibility of government to ensure that people have their ‘minimum needs’ met.

Definition

79. In order to recognise the dynamic and diverse nature of poverty, some respondents suggested that the Welsh Government should define this more broadly than relative income poverty.

80. The Bevan Foundation’s recent report, [Rethinking Poverty](#), argues that there are many benefits to re-framing the TPAP in terms of minimum needs:

“The advantages of basing public policies and interventions on these aspects of minimum needs are several. First, they have strong public support and move debate on from whether or not people on low incomes have 52-inch televisions to the very basics of life – a warm, damp-free home and enough to eat. Second, because they are the basics of life, their absence has severe consequences in terms of physical health and ability to work or learn. And third, and very importantly, they are mostly issues which are within the Welsh Government’s powers.”¹⁸

81. The Bevan Foundation stated there are “serious issues” with only using the standard income measurement, “because it does not take account of need, and it does not take account of costs, and there are certainly people whose income is around the poverty threshold, but who have very much higher than normal costs—for example, disabled people have much higher costs, and people in rural areas often have very high costs, because of fuel costs or higher food costs.”¹⁹

82. There was some support in evidence for the use of JRF’s definition of “when a person’s resources are not sufficient to meet their minimum needs (including social participation)”, which could take into account issues such as debt, rural areas, higher living costs for certain people (disabled people, older people, and families).

¹⁸ Bevan Foundation (2014) [Rethinking poverty](#)

¹⁹ RoP, 13 November 2014

83. Professor Jane Millar referred to European studies on poverty and social exclusion that used a three-fold measure of poverty. This encompasses the income threshold, material deprivation and work intensity. The last of these measures whether adults in a household are working below 20% of what they could work in a year, therefore capturing issues around underemployment, zero-hour contracts, part time work and insecure contracts. She suggested that this combination of measures is “quite powerful in terms of thinking about poverty”. However, she went on to highlight the need “not [to] lose sight of the income [measure] because it is a strong measure of people’s capacity to participate”.²⁰

84. JRF’s Minimum Income Standard (MIS) project aims to define an ‘adequate’ income. It is based on what members of the public think is enough money to live on in order to maintain a socially-acceptable quality of life.

85. Their [2014 research](#) has found that the goods and services that people say are needed for this ‘adequate’ standard of living have changed relatively little since the first MIS study in 2008. However, people’s ability to afford them has declined. Wage growth has been slow, changes to tax credits and benefits have affected household incomes and the cost of essentials has risen by 28% since 2008 – faster than general inflation. These trends are explored in more detail in a separate [study](#).

86. The figures generated by MIS are used to calculate the [living wage](#) outside London and assess the impact of public policy on people’s living standards. It has also been used to explore the extent to which [universal credit](#) will help people to reach an adequate income.

Food poverty

87. There was criticism from the Trussell Trust that the current TPAP makes “no mention of food poverty or the massive increase in the rise/use of foodbanks across Wales at a time when numbers using foodbanks had more than doubled”. According to the Trust, this was “a glaring omission”, which “could have been avoided”.²¹

88. The Trussell Trust raised concern about “the dramatic growth in the number of people in local communities who find themselves in crisis and the increasing frequency with which this occurs”. It reported that “between April

²⁰ RoP, 3 December 2014

²¹ Written evidence PIW 12

2013 and March 2014 [the Trust] provided emergency food aid to 79,919 individuals in Wales, which was a 124% increase on the previous year (35,650)". Half of referrals to foodbanks in 2013-14 were due to benefit delays or changes.²²

89. The Trussell Trust considered that "static incomes, rising living costs, low pay, underemployment and problems with welfare are significant drivers of the increased demand experienced by foodbanks in the last year."²³

Fuel poverty

90. National Energy Action (NEA) Cymru's evidence illustrated that almost 1 in 3 (30%) of households in Wales were projected to be living in fuel poverty in 2012, equating to 386,000 homes, with 328,000 of these believed to be vulnerable households (containing a child, older person, or someone who is disabled or has a long term illness).²⁴

91. We heard from respondents, including the Bevan Foundation, that fuel poverty should be more prominent in the TPAP, because "it is a fundamental human need to have a warm home". The Bevan Foundation also commented on the "relatively small impact of the [Welsh Government's] Nest programme against the scale of the problem". It went on:

"As with income poverty, we need to understand more the circumstances of people who are living in homes that are cold, or spending too much on their fuel, and how we can address them, and particularly in terms of people in hard-to-treat homes, or in privately rented homes, what public interventions can work."²⁵

92. NEA Cymru echoed this, saying that "the TPAP makes scant reference to fuel poverty, allocating a mere 3 bullet points to the topic which reiterate government statements on Nest and Arbed rather than integrating these schemes with wider work to tackle poverty."²⁶ It went on to say that:

"The 2010 Fuel Poverty Strategy is the Welsh Government's strategy to tackle fuel poverty in Wales. However, it is now out of date. It contains targets which are no longer achievable; it attempts to integrate with strategies and initiatives which have been superseded;

²² Written evidence PIW 12

²³ *ibid.*

²⁴ Written evidence PIW 01

²⁵ RoP, 13 November 2014

²⁶ Written evidence PIW 01

it pre-dates the Tackling Poverty Action Plan and other relevant strategies; and it commits to reporting to the Ministerial Advisory Group on Fuel Poverty, which was disbanded in October 2011 (making Wales the only UK nation without a group of this kind).²⁷

93. According to research carried out by Age Cymru in 2014, energy bills are “the greatest concern to older people”. Its evidence states that “57% of older people were worried about how to afford gas and electricity bills, whilst significant numbers were also concerned about water and Council Tax bills.” It found that a third of retired households reported cutting back on areas of spending, such as food, heating, social activities or consumer goods.²⁸

94. Anglesey Operational Welfare Reform Impact Partnership highlighted that fuel poverty is also a particular issue for rural households that often use fuels other than gas to heat their homes.

95. Citizens Advice Cymru consider fuel poverty to be one of its key priorities, and criticised the reporting data published by the Welsh Government’s fuel poverty schemes, such as Nest, which is inconsistent each year.

96. The Environment and Sustainability Committee has recently [written](#) to the Minister for Natural Resources about its [inquiry into energy efficiency and fuel poverty](#), asking for details of the consideration that has been given by the Welsh Government to a review of the Fuel Poverty Strategy. The [Minister’s response](#) states:

“The Fuel Poverty Strategy was published before the Tackling Poverty Action Plan but we have ensured that our actions to tackle fuel poverty are included in the Plan and that fuel poverty is considered alongside wider action to tackle poverty.

“While I have no immediate plans to review the Fuel Poverty Strategy I will keep this under consideration.”

Housing

97. Tai Pawb told us that having a home can provide a key stabilising factor for people in their lives which can bring benefits from improved health to opportunities to access education and employment. They noted that

²⁷ Written evidence PIW 01

²⁸ Written evidence PIW 05

“poverty, low income and destitution narrows the housing options available to people making it harder for people to access suitable and affordable housing and the potential associated benefits”.²⁹

98. It stated that housing is a particular issue for young people on low incomes, who face “the multiple challenge of the shortage of suitable affordable housing, restrictions related to shared accommodation rates, disproportionately being affected by sanctions related to job seekers allowance and limited availability of stable employment opportunities. These factors also makes it harder to find housing solutions and move-on accommodation for young people when they are in temporary accommodation or have specific needs such as the need for an adapted property.”³⁰

99. We heard evidence that reducing the costs of core goods and services for people in extreme poverty would reduce public expenditure on the effects of poverty in the longer term. The Bevan Foundation’s *Rethinking Poverty* report commented that “public bodies should do their utmost to reduce costs to low income households including making payment by instalments easy.” This would also go some way to alleviating the ‘poverty premium’, which was estimated by JRF to be 5%.³¹

100. Respondents considered that the Welsh Government should think more innovatively about how it can reduce basic costs for people on low incomes and cited the [Homelife project](#) in Newcastle, which provides affordable, long-term accommodation for anyone eligible for housing benefit, as an example of this.

101. The Trussell Trust referred to the Scottish Government’s removal of the cap on the amount that local authorities can allocate to Discretionary Housing Payments (DHPs), which are short-term payments from local authorities to help cover some housing costs. This power is not currently devolved to Wales, but the Trust “would certainly support the devolution of similar powers where it will help our clients and mitigate some of the effects of welfare reform” and “that will help to address the local issues that drive people to come to foodbanks”.³²

²⁹ Written evidence PIW 08

³⁰ *ibid.*

³¹ RoP, 13 November 2014

³² RoP, 19 November 2014

Evidence from the Minister

102. Responding to evidence calling for poverty to be defined more broadly than the standard income measurement, the Minister told us:

“I think income is probably the most important constituent of poverty, but obviously it’s not the only one... I think that most Governments use that as a measure, but of course it isn’t solely about household income.

“Poverty is very multifaceted; that’s why we have to have the range of targets, that’s why we have to have the range of policies. I think that looking at indicators other than income is important, and it’s generally in those other areas where we do have the levers to make a difference. ... we haven’t got all the levers. We’ve got the Welsh index of multiple deprivation, and that focuses on many areas, not just income.”³³

103. In relation to food poverty, the Minister acknowledged the lack of reference to this in the refreshed TPAP. She explained that this was likely to be because food poverty had not been so stark when the plan was published. She told us that the TPAP “is not a static document” and that, as such, it could be updated to reflect this. She also said that officials were undertaking a mapping exercise around food poverty in conjunction with local authority anti-poverty champions and Public Health Wales.

104. The Minister rebutted the suggestion that fuel poverty is not included in the TPAP. She stated that the TPAP “includes targets around additional housing, bringing empty homes back into use and the number of homes improved under Arbed and Nest”.

Our view

105. The Welsh Government needs a deeper understanding of the population living in poverty in Wales. It should adopt a clear definition of poverty based on needs and resources, rather than the standard income-based measurement. The government’s approach to tackling poverty should be formed around addressing every person’s minimum human needs – this means food, shelter and fuel. The definition should also reference the ‘minimum income standard’ research by the Joseph Rowntree Foundation,

³³ RoP, 14 January 2015, para 17

which is based on what the public considers to be enough money to live on in order to maintain a socially-acceptable quality of life.

We recommend that the Welsh Government adopts a clear definition of poverty. We suggest that this is based on the measurement of whether a person's resources are sufficient to meet their minimum human needs, and to have an acceptable living standard which allows them to participate in society.

We recommend that the Welsh Government makes a commitment in its tackling poverty strategy to ensure every person in Wales has food, shelter and warmth. This should include detailed analyses and targets for food poverty, fuel poverty and homelessness.

4. Who is living in poverty?

106. A number of respondents told us that there is a lack of data about who is living in poverty in Wales, the depth of poverty (its severity and longevity) and its impact. We heard that, by measuring the depth of poverty, resources can be targeted at those most in need, instead of providing support to those just below the poverty line.

107. Professor Jane Millar told us that the Welsh Government could commission research to fill existing data gaps in order to better target resources towards groups of people who are most in need. She suggested that steps could be taken to increase the sample size of existing surveys, and that similar work has been undertaken in Northern Ireland. She suggested that more use could be made of existing service-related data, such as data from foodbanks.³⁴ The Trussell Trust also noted that the Welsh Government could do more to gather service data in order to inform policy.³⁵

108. The Bevan Foundation said that, due to a general lack of data about poverty in Wales, there is a “real problem with understanding where we are and benchmarking” and that, as a result, policy-makers are “working in the dark”:

“The evidence on income poverty in Wales is really weak: we have to combine three years’ worth of evidence to get any sort of meaningful numbers, and we can never ever break down below the headline figures of older people, working-age people and children. There are no data on income poverty below an all-Wales level, so we have no idea how things are happening or developing in different parts of Wales.”³⁶

109. Chwarae Teg, Citizens Advice Cymru, Children in Wales and Age Cymru agreed with this.

Public attitudes towards poverty

110. We also heard evidence about public attitudes and the stigma associated with being in poverty. [Recent research](#) from IPSOS Mori, cited by the Bevan Foundation, found that public attitudes towards poverty are

³⁴ RoP, 3 December 2014

³⁵ RoP, 19 November 2014

³⁶ RoP, 13 November 2014

changing and that, while there is sometimes a lack of sympathy for people in poverty, most of the British public can relate to the idea of “not having enough money to get by”.³⁷

111. Some respondents suggested that one method of increasing understanding between policy-makers, employers and service providers is through “poverty truth commissions” (citing examples in Scotland and Leeds), where people on low incomes “testify” to help others understand what makes a difference.

112. JRF said that “one of the things that is often missing from all of these debates is the voice of the people we are talking about”. It said “how you give a voice to the people and learn from their lived experience is one issue that I think (...) does need to be addressed”.³⁸ The Bevan Foundation agreed with this point.³⁹

Demographics

113. Respondents told us that the Welsh Government’s approach to tackling poverty needs to recognise that people in poverty are not a homogenous group, and that people experience poverty in different ways depending on their demographics as well as where they live.

114. We heard that the Welsh Government’s approach to poverty has historically been targeted towards specific areas, rather than towards specific groups of people. On this point, the Equality and Human Rights Commission (EHRC) called for demography to be considered alongside geography in the structural design of the Welsh Government’s tackling poverty programmes:

“The Equality and Human Rights Commission has been very keen to try to focus on who the people are who are living in poverty and what their composition is, and to look at that alongside the poorest places in Wales, because a lot of the focus of the Welsh Government over the years has been on the most deprived areas. Obviously, there is benefit in that, but there is also the correlation that poor people do not only live in poor areas.”⁴⁰

115. Isle of Anglesey County Council also recognised this issue, saying “there are concerns that Communities First ‘boundaries’ may be seen to restrict the

³⁷ RoP, 13 November 2014

³⁸ *ibid.*

³⁹ *ibid.*

⁴⁰ *ibid.*

availability of valuable services to vulnerable people who live outside Communities First designated areas, which could in turn be viewed as divisive and marginalising people in a postcode lottery.”⁴¹

116. Oxfam Cymru used asylum seekers as a good example of how specific groups frequently fall outside Communities First areas, as they have no control over where they are housed, often far from the services they need.⁴²

117. This is not to say that place-based approaches to poverty reduction are without merit, but that they should be considered alongside demographic and economic factors. The [Deep Place Tredegar study](#) is an example of an innovative way to understand the geographic, economic and demographic factors of poverty, alongside health, education, transport, environment, housing and culture. The study focuses on one target location in order to achieve a detailed, holistic and in-depth evaluation, but there are implications for all-Wales policy too.

118. We received evidence from Chwarae Teg, Save the Children, Disability Wales, Race Council Cymru, Oxfam Cymru and many other organisations that children, lone parent families, women, disabled people, people from non-white ethnicities, asylum seekers and refugees are all at a greater risk of poverty than the rest of the population.

119. Oxfam Cymru summarised this point by stating that the Welsh Government’s current TPAP “(...) implies that ‘poor people’ are a fixed group separate from the rest of ‘us’. Poverty is a state which people move in and out of with the risk of poverty changing over the life course. This emphasises the need for a dynamic, adaptable approach with suitable interventions for each stage of a person’s life.”⁴³

120. In their evidence, the Bevan Foundation and JRF gave an overview of why demography is an important factor in poverty:

“The relationship between protected characteristics and poverty is complex. Disadvantage in the labour market (notably lower employment rates, fewer hours of work and a concentration in low-paid occupations) is a key factor in the higher risk of poverty for women over the life course, disabled people, young people, minority ethnic groups and some religious groups.

⁴¹ Written evidence PIW 19

⁴² RoP, 3 December 2014

Protected characteristics also shape the attitudes and resources of individuals (for example whether an individual wants to work), the composition of social networks (which can help access to and progression in work), and affect how individuals are treated by others (such as discrimination).⁴⁴

121. The Bevan Foundation also highlighted that “as we come to know and understand more about the nature and dynamics of poverty and the very varied characteristics of people who live on a low income, it raises ongoing challenges for public policy in trying to keep up with the increase in knowledge.”⁴⁵

122. The complex nature of the relationship between poverty and social inequality also came through strongly in evidence. The following sections provide examples of how different groups of people experience poverty in different ways, depending on their characteristics rather than just location.

Women

123. According to Chwarae Teg, women are at higher risk of poverty than men and are also more likely to live in poverty than men. It stated that “the risks, causes and experiences of poverty are different for men and women, with women’s position in the home and the workplace being key factors in determining these differences”.

124. Chwarae Teg said that women tend to be overrepresented in “low paid, part time, precarious or temporary employment”, commonly associated with higher rates of poverty, in particular in-work poverty.

125. Women’s Turnaround Service, Changing Lives raised specific concern about the impact of poverty on women in the Criminal Justice System. It reported that over half of its service users faced poverty or destitution. Reasons for this included the impact of welfare reform, domestic abuse and financial exploitation, lack of appropriate support mechanisms for women released from custody, and substance misuse.

126. Welsh Women’s Aid explained that poverty “can exacerbate abuse and keep women trapped in violent relationships”. It also explained that the “long term effects of financial control can exacerbate a woman’s state of poverty dramatically” and that those who do escape abuse will often therefore

⁴⁴ Written evidence PIW 03

⁴⁵ RoP, 13 November 2014

continue to experience poverty. In addition, it highlighted that, for those with children, the risk of experiencing poverty is also higher by virtue of being a lone parent family.

Lone parents

127. A number of respondents highlighted lone parents, who are predominantly women, as a group disproportionately at risk of poverty.

128. Respondents identified key factors that contribute to the risk of poverty among this group as the need to balance work and caring responsibilities, which effects ability to work full time; the lack of affordable child care; and changes to the tax and benefit systems.

Older people

129. While pensioner poverty has decreased in recent years, we heard that a significant number of older people are living in severe and long term poverty, particularly single women over 80 years old. The Older People's Commissioner drew attention to the 50,000 older people living in extreme poverty in Wales.⁴⁶

130. Age Cymru noted that "once retired the majority of older people have fixed incomes and are heavily reliant on annual increases to the State Pension or other benefits, or the interest they receive from (usually minor) savings or investments. This can mean that older households are less resilient to substantial bills, costs or price increases."⁴⁷

Disabled people

131. Organisations representing disabled people reported that around three quarters of disabled people in Wales are not in work, while those who are employed have substantially lower wages.

132. According to respondents, particular issues facing disabled people include higher living costs, for example specialist equipment, and access barriers to employment and transport. It was clear from the evidence received that generic programmes to tackle poverty are not suitable to meet the often complex needs of disabled people.

⁴⁶ Written evidence PIW 20 & PIW 05

⁴⁷ Written evidence PIW 05

133. Disability Wales reported that the impact of poverty on disabled people can be “severe” and, in some cases “can result in a deterioration of an individual’s health and well-being as well as social isolation and limited social, educational and economic opportunities”.

Children

134. Save the Children highlighted that one in three Welsh children is living in poverty, and that a “child and young person growing up in poverty is more likely to have a life with poor health outcomes [and to be] low paid, unemployed, and welfare dependent”.

135. The Royal College of Paediatrics and Child Health Wales reported that “children in the most deprived areas of Wales are almost twice as likely to die in a given year as those from the least deprived areas”. It went on to state:

“Poverty and inequality are linked to poor health outcomes during childhood, and in the most tragic of cases, it can be linked to the premature death of a child or young person.”⁴⁸

136. Respondents, including Estyn and Save the Children referred to the “gap between the achievements of disadvantaged compared to advantaged children”, which is significant as early as age three and “by GCSE there is a 34% gap in attainment between children living in low income households and their better off classmates”.⁴⁹

Refugees and asylum seekers

137. A number of respondents highlighted the unique position of refugees and asylum seekers, in being reliant on UK Government support in terms of housing, but also on the Welsh Government for health services and employment support.

138. Tai Pawb said that failed asylum seekers are at a much greater risk of exploitation by virtue of their becoming destitute:

“Lack of recourse to public funds, vulnerable immigration status, having mental ill health or a learning disability and falling within groups traditionally given limited priority within services (e.g. single

⁴⁸ Written evidence PIW 04

⁴⁹ Written evidence PIW 22

men) can increase the likelihood of destitution and potential vulnerability that can lead to exploitation.”⁵⁰

Evidence from the Minister

139. We asked the Minister about the lack of data about people living in poverty. She told us “I don’t consider there’s a need for (...) a really big, extensive mapping exercise. I think that would be a huge undertaking. I think it would take a huge amount of resources”. She referred to the mapping exercise being undertaken around food poverty.⁵¹

140. The Minister recognised that the Welsh Government needed to pay more attention to the collection of data. She indicated her intention to look at outcomes of the work being undertaken by the UK Government in relation to the collection of data on poverty.⁵²

141. In response to the issue of tackling poverty programmes being overly focused on geography rather than demography, the Minister suggested that “not all our [tackling poverty] programmes are geographical” and stated that “I think it’s something that we have to be looking at”. She also said that “there are a few things that I need to have reassurance about; geographical areas is one of them.”⁵³

142. The Minister provided examples of funding and programmes aimed at supporting people with protected characteristics with a view to seeking to lower their risk of living in poverty and reduce inequality. These included the Equality and Inclusion Grant, the Homelessness Grant, Housing Policy Development Grant and Women Adding Value to the Economy.

143. We asked the Minister about listening to the experiences of people in poverty, giving the examples of the poverty truth commissions in Scotland and Leeds. She told us that the Welsh Government had “given funding to Children in Wales to do a piece of work similar to the poverty commission” and that “the work (...) we do with the Children’s Commissioner around poverty is probably a very similar sort of engagement”.⁵⁴

⁵⁰ Written evidence PIW 08

⁵¹ RoP, 14 January 2015

⁵² *ibid.*

⁵³ *ibid.*

⁵⁴ *ibid.*

144. The Minister acknowledged that the poverty truth commissions “provided a valuable service”. However, she stated “I think we’ve got, in Wales, a variety of mechanisms to ensure that people are engaged with policy makers”. She added:

“We collected case studies for our tackling poverty action plan annual report from right across Wales, and that demonstrated lived experiences of poverty and how that was being tackled through employment, through education, through training, and through a change of lifestyle. Communities First also collects case studies.”⁵⁵

Our view

145. People living in poverty in Wales are not a homogenous group, and the Welsh Government needs to improve its data around poverty to reflect this.

146. As a consequence of a lack of data, we heard that policy makers are currently ‘working in the dark’. This is unacceptable. The Welsh Government urgently needs to develop a strong evidence base that identifies exactly who is in poverty, and describes clearly the depth and persistence of poverty in Wales. This should go hand in hand with dramatic improvements to monitoring arrangements of current programmes that can demonstrate tangible progress in poverty reduction, or the lack thereof. Otherwise, the status quo will continue: policy developed in the absence of evidence; performance monitored in the absence of data.

We recommend that the Minister commissions research that significantly improves the quality, scope and extent of poverty data in Wales. This research should seek to establish which groups of people in Wales are disproportionately likely to be living in poverty, and identify the range of interventions that work best for different people, based on evidence rather than anecdote.

⁵⁵ RoP, 14 January 2015

5. Increasing household incomes

Role of economic policy in tackling poverty

147. A number of respondents emphasised the crucial link between economic policy and tackling poverty. On this issue, the Bevan Foundation and JRF suggested that the TPAP “works least well with economic and labour market strategies”. According to them, this disconnect was a “significant issue”, particularly in light of the findings of a recent review of international anti-poverty strategies, which emphasised the need for strategies to “be developed alongside economic policy”.⁵⁶

148. The Bevan Foundation and JRF cited the recent evaluation of the Welsh Government’s approach to child poverty, which had not found “any evidence of significant co-ordination between programmes aiming to help people into work and programmes aiming to create jobs”.⁵⁷ They went on to state:

“Not only is an effective relationship important for “helping people into work” (...) no country has managed to reduce poverty without increasing employment – it is also critical to tackling the growing problem of in-work poverty. Given that the lack of decent work remains by far the most important factor in Wales’s relatively high levels of poverty this is a very significant gap.”⁵⁸

149. Related to the above, Oxfam Cymru stated that “while it is true that education is vital to help prevent aspects of poverty and that people can be helped to be more work ready, the fundamental problem is the chronic lack of decent jobs in Wales”. It went on to state:

“The scale of the problem calls for a bold long-term re-alignment of the economy that joins up all aspects of Welsh Government policy.”⁵⁹

Labour market

150. The Bevan Foundation suggested that recent “structural changes to the labour market”, including the increase in part-time work, zero-hours contracts and temporary work mean that work is no longer a “straightforward route out of poverty”. It suggested that these changes have

⁵⁶ Written evidence, PIW 03

⁵⁷ Welsh Government (2014) [Evaluation of the Welsh Child Poverty Strategy Final Report](#)

⁵⁸ Written evidence PIW 03

⁵⁹ Written evidence, PIW 17

made it “more difficult for the Government (...) to intervene to affect poverty for people of working age”.

151. The Trussell Trust reported low pay and underemployment among the reasons for referral to food banks. It explained that “insecure work and low-income, zero-hour contracts in particular, make people particularly vulnerable to a financial crisis”.⁶⁰

152. Some respondents, including the Bevan Foundation, emphasised the need for strategies aimed at developing opportunities “at the lower end of the labour market”, for example the care and retail sectors, which is most commonly associated with in-work poverty.⁶¹ The Bevan Foundation went on to suggest that understanding this end of the labour market needs to come through a better relationship with the private sector.⁶²

153. In commenting on the suggestion that the Welsh Government could do more to develop the lower end of the labour market, Professor Jane Millar emphasised the importance of creating quality jobs. She suggested that the creation of low-paid jobs that would need to be subsidised by benefits would simply “push the problem along”.

154. Linked to the above, on the alignment between the Welsh Government’s economic policy and its approach to tackling poverty and inequality, Chwarae Teg stated:

“(...) we know that the [Welsh Government’s] priority sectors on the whole are those in which women are under-represented or, if they are not, they are low paid - tourism, for example.”⁶³

155. Chwarae Teg went on to explain that it was focusing its efforts on supporting the government in increasing the representation of women within Science, Technology, Engineering and Mathematics (STEM) sectors, with the potential for positive impact albeit in the longer-term.

156. Respondents emphasised the need to develop a Welsh labour market that actively tackles poverty. Suggestions that could be achieved under the current devolution settlement, included:

⁶⁰ Written evidence, PIW 12

⁶¹ RoP, 13 November 2014

⁶² *ibid.*

⁶³ RoP, 19 November 2014

- engagement with the private sector to improve the quality of jobs in Wales through pay, secure contracts and decent employment packages, such as childcare and flexible hours;⁶⁴
- using public procurement policy to ensure that employers are providing quality, well-paid, secure, employment to people in Wales, particularly in the low-skill sector such as care;⁶⁵
- grant funding conditions for businesses in Wales to make sure that jobs created with the help of public money are paying enough for people to live on.⁶⁶

Helping people into work

157. Respondents highlighted issues around the need to understand who is in poverty and to tailor solutions for different groups of people (discussed in the previous chapter).

158. The Bevan Foundation emphasised the importance of providing appropriate, “good quality” support to help people into work, particularly those “who are hardest to reach and who are quite some way from the labour market”, for example ex-offenders or ex-substance misusers.⁶⁷

159. Leonard Cheshire raised concern that “existing Government support to help disabled people into work is highly ineffective”. It called for the Welsh Government to focus investment in schemes “that have a proven record of success in helping disabled people into work”.⁶⁸

160. Similarly, Disability Wales raised concern that generic programmes aimed at helping people into work, such as the UK Government’s Work Programme, “tend to work best with people who are relatively close to the workforce (...) but for a lot of disabled people who have been out of work for many years, they do not really work.”⁶⁹

161. Both Leonard Cheshire and Disability Wales emphasised that successful initiatives aimed at supporting disabled people into work were resource intensive and required high levels of expertise. Examples of these included schemes run by Shaw Trust, Elite Supported Employment Agency and Vision

⁶⁴ Written evidence PIW 17

⁶⁵ Written evidence PIW 17 & RoP 13 November 2014

⁶⁶ Written evidence PIW 17

⁶⁷ RoP, 13 November 2014

⁶⁸ Written evidence, PIW 29

⁶⁹ RoP, 3 December 2014

21. In addition, Disability Wales reported that the Employer Support Grant scheme, introduced by the Welsh Government following the closure of Remploy factories, had been “very successful”. It reported that the Welsh Government was undertaking a review of the scheme and suggested that further initiatives based on this approach should be encouraged.

UK Government Work Programme

162. We heard from a number of respondents about the potential benefits that could be derived from the devolution of the UK Government’s Work Programme.

163. The Bevan Foundation were strong advocates of this, and referred to the current “disconnect” between the local labour market and employment and training opportunities available through the Programme. Similar views were expressed by Oxfam Cymru and Professor Jane Millar, who explained that labour market programmes are most effective “when they have a local understanding, (...) when they are rooted in the local place”.⁷⁰

164. Oxfam Cymru raised concern that the Work Programme is less effective for “people who may be further from the labour market and who may have a complexity of needs, such as mental health, alcohol or drug abuse problems”.⁷¹ It suggested that priority is given to people who are the easiest to work with because the Programme operates on a payment-for-results basis.⁷²

165. Both Leonard Cheshire and Disability Wales raised concern that the generic nature of the UK Government’s Work Programme meant that it was unsuitable for disabled people who may be furthest away from the labour market. They were strongly in favour of a more personalised approach to supporting disabled people into work.

166. Oxfam Cymru and Anglesey Operational Welfare Reform Impact Partnership referred to difficulties relating to the restrictions on Work Programme participants in accessing training and skills courses funded by the Welsh Government and European Social Fund. Oxfam Cymru suggested that devolution of the Work Programme could “hopefully” address this issue.

⁷⁰ RoP, 3 December 2014

⁷¹ *ibid.*

⁷² *ibid.*

Other barriers to employment

167. A number of respondents, including the End Child Poverty Network (ECPN), Save the Children and Chwarae Teg reported the cost of childcare as a significant barrier to work for families, in particular lone parents and those in extreme poverty. According to Save the Children:

“(...) the high cost of childcare has particular impact on those in severe poverty. This includes parents being forced to cut back on food, being forced in to debt, and parents being unable to take advantage of work and training opportunities which perpetuates the poverty trap”.⁷³

168. It went on to state that, despite the emphasis placed by the Welsh Government on the “dual function of childcare”, i.e. to nurture the child and support the family, “many parents in Wales, particularly those on low-incomes, are still struggling to access suitable childcare”.⁷⁴

169. Barnardo’s Cymru highlighted free school breakfasts as a practical example of Welsh Government policy that helps working families on low incomes, particularly women. It explained that this policy provides free childcare outside of school hours for working parents, and also helps meet children’s minimum needs, in terms of healthy food. However, Barnardo’s Cymru reported the closure of a number of breakfast clubs following the transfer of funding for free school breakfasts to the Revenue Support Grant.

Income maximisation

170. Some respondents emphasised that work is not an option for some people in poverty, like disabled and older people. Income maximisation and advice services are crucial to these groups, but evidence received suggests that services are still inconsistent across Wales, and there is a lack of awareness about what help is available.

171. Citizens Advice Cymru stated that “quality advice can assist people in avoiding problems that could increase their risk of poverty and disadvantage”.⁷⁵ Age Cymru provided an example of Pension Credit, which is severely under-claimed in Wales, as one third of eligible older people do not receive it:

⁷³ Written evidence PIW 22

⁷⁴ *ibid.*

⁷⁵ Written evidence PIW 11

“A conservative estimate is that unclaimed Pension Credit could be worth upwards of £168 million in Wales, based on UK Government analysis of total unclaimed benefits. By rights this income should be being shared by around 95,000 people not currently claiming. This would mean an average additional unclaimed income of £34 per week, or £1772 a year - money which would make a real difference to the lives of many older people.”⁷⁶

172. It went on to state:

“If the Welsh Government, working with local authorities, made a commitment to ensure adequate income maximisation services were available to older people in Wales it could make a substantial contribution to reducing pensioner poverty.”⁷⁷

173. Similar points were made by the Older People’s Commissioner who asserted that “addressing unclaimed financial entitlements amongst older people is a key issue to lift people out of poverty”.⁷⁸

174. Leonard Cheshire Disability pointed out that advice services varied regionally and depended on local authorities being proactive in supporting people to know what benefits are available to them.⁷⁹

175. Age Cymru expressed concerns about the potential withdrawal or reduction in local authority funding for advice services and other community services, including transport services and libraries.⁸⁰

176. Linked to this, we heard evidence about concerns around digital inclusion, as more of the welfare system is moving online. Anglesey Operational Welfare Reform Impact Partnership illustrated this:

“Anglesey has the highest percentage of people who have never used the internet in the whole of the UK (...) nearly 30% of people on the island have never accessed the internet, compared to 13% in Gwynedd and 17% in Flintshire and Wrexham.

In addition, those who are digitally excluded face barriers to claiming benefits from Jobcentre Plus, the local authority and Her Majesty's

⁷⁶ Written evidence PIW 05

⁷⁷ *ibid.*

⁷⁸ Written evidence PIW 20

⁷⁹ RoP, 3 December 2014

⁸⁰ RoP, 13 November 2014

Revenue and Customs as the “digital where appropriate” agenda gathers pace. They are also unable to access cheaper online tariffs for utilities, insurance etc, thus increasing the overall cost of living.”⁸¹

Crisis payments

177. Crisis payments were cited by many respondents as being critically important to people in extreme poverty.

178. The British Red Cross reported that it currently provides destitution support for asylum seekers and failed asylum seekers who have no recourse to public funds. This is funded by the British Red Cross charitable funds and amounts to £12,000 a year in Wales. It explained:

“Currently, we are relying on British Red Cross charitable funds to support these individuals living in Wales who are unable to buy even the most basic of items to live, when funding and public donations are becoming more and more challenging to secure.”⁸²

179. It also explained that a similar scheme is funded by the Northern Ireland Executive.

180. The British Red Cross welcomed the Equality and Inclusion Grant, funded by the Welsh Government, as a “good and practical way in which the Welsh Government is helping to tackle poverty”.⁸³ The grant is aimed at helping the integration of people with refugee status into Welsh society.

181. However, the British Red Cross and Oxfam also highlighted the restrictive criteria used by the Welsh Government’s Discretionary Assistance Fund (DAF), and the inaccessibility of the application process for certain people. Oxfam told us that the fund was underspent by £2.5 million last year and that this was not because of a lack of need, but because of difficulties in accessing the fund.

182. In relation to the application process, the British Red Cross explained:

“We have anecdotal evidence that people who (...) apply for assistance from the discretionary assistance fund are very often told that one of the conditions, whether it is written or just established practice, is that they need to have applied for a budgetary loan first. In order for

⁸¹ Written evidence PIW 14

⁸² Written evidence PIW 16

⁸³ RoP, 3 December 2014

them to apply for a budgetary loan, there is a condition that they have to be on benefits. Now, people who are not on benefits and do not have any income go to the discretionary assistance fund precisely because of that reason.”⁸⁴

183. Further to this, Changing Lives highlighted practical difficulties in applying for the DAF, in particular the cost of telephone applications and the potential move to electronic applications, which raises the issue of digital exclusion.

Minister’s evidence

184. The Minister told us that “there are close links between our economic policies and efforts to tackle poverty.” She stated that “whilst I accept in-work poverty has grown, I still think work is the most sustainable route out of poverty, and I think that’s why (...) jobs and growth is absolutely at the heart of the programme for government.”⁸⁵

185. She stated that the government intended to review the model for supporting social enterprise, in order “to consider how that sector can provide more opportunities to build capacity and skills and boost the economy through improving employment prospects of the economically inactive and workless.”⁸⁶

186. Specifically in relation to workless households, she provided details of the Welsh Government’s Lift programme, which offers training for people from workless households for 12 weeks with a view to them securing full-time employment.⁸⁷ Her official confirmed that, of the 5,000 training places committed by the Welsh Government, 1,000 opportunities have been taken up, of which 180 people have gone into work.⁸⁸

187. She went on to say that, within the TPAP, the Welsh Government is “committed to introducing positive weightings to allow for the impact of bringing harder-to-reach groups into work as part of our appraisal process for grant support business”.⁸⁹

⁸⁴ RoP, 3 December 2014

⁸⁵ RoP, 14 January 2015

⁸⁶ *ibid.*

⁸⁷ *ibid.*

⁸⁸ *ibid.*

⁸⁹ *ibid.*

188. Regarding the Work Programme, on 5 February 2015, the Deputy Minister for Skills [announced](#) that “Welsh Government and DWP officials will be working together on a solution to enable Work Programme participants in Wales access to appropriate ESF programmes from April 2015.”

189. The Minister for Communities and Tackling Poverty stated that she is “looking at using European funds” to tackle poverty:

“We’re working up something called PaCE—parents, childcare and employment—bids, which again will support parents getting into work but also if they need employment and training opportunities and upskilling and childcare is a barrier there. So, we are seeking to use European funding around that area.”⁹⁰

190. We asked the Minister about the evidence we heard on the restrictive criteria for the DAF. She told us it was “a demand led scheme” and that the Welsh Government “would be criticised if we didn’t have strong criteria”. She went on to explain that the Welsh Government had “raised the maximum [amount] that someone can apply for from £30 to £50”. The Minister also told us that there was a DAF manager working with stakeholder organisations to make more people aware of the fund.”⁹¹

191. Given the under-spend from the DAF in 2013-14, we asked the Minister about the expenditure profile of the fund for 2014-15. She confirmed that, as of November 2014, “17,000 people have been awarded nearly £4.9 million”⁹² from a fund of £7 million.

192. We asked the Minister whether she would consider setting up a crisis fund similar to that in operation in Northern Ireland. She confirmed that the Welsh Government provided in excess of £900,000 through the Equality and Inclusion Grant, and that she had no plans to set up a separate crisis fund.⁹³

193. In commenting on the issue of benefits take-up in Wales, the Minister told us that the Welsh Government had “put extra funding into our advice services” as well as setting up a National Advice Service. She went on to say that ensuring take-up of benefits is “the responsibility of the DWP in certain parts”.⁹⁴

⁹⁰ RoP, 14 January 2015

⁹¹ *ibid.*

⁹² *ibid.*

⁹³ *ibid.*

⁹⁴ *ibid.*

Our view

194. The primary failing of the government's approach to tackling poverty is the lack of a clear economic policy. This needs to be rectified and developed alongside an effective poverty reduction strategy. We are aware that the Enterprise and Business Committee's [inquiry](#) into trade and inward investment heard that the Welsh Government needs to be clearer about its economic strategy. That Committee recommended, in its October 2014 [report](#), that the Welsh Government should set out "a clear economic development strategy". We strongly believe that only a bold, long-term realignment of the economy will tackle the scale of poverty in Wales.

We recommend that the Welsh Government, as part of a clearly articulated economic development strategy, sets out how this strategy is aligned with its policies and interventions aimed at tackling poverty.

195. Half of people in poverty live in working households. Changes to the labour market mean that work is no longer a straightforward route out of poverty.

196. The Welsh Government needs to get to grips with the low skilled end of the labour market in Wales, such as the care, retail and hospitality sectors. It should work to drive up the quality of low-skilled jobs using the influence it already has, for example through procurement rules and grant funding conditions. This would go a long way to improving the quality of life for people experiencing in-work poverty.

197. Improving engagement with the private sector is crucial to poverty reduction. Jobs created by government initiatives should be high quality, with decent pay, secure contracts and good employment packages, such as childcare and flexible hours.

We recommend that the Welsh Government uses its influence on the low-skilled end of the labour market (particularly the care, retail and hospitality sectors), through procurement and grant funding conditions, to improve the quality of life for people experiencing in-work poverty. This needs to be done in conjunction with the private sector through improved engagement.

The majority of us recommend that the Welsh Government presses for the devolution of the Work Programme, so that helping people into work is based on local knowledge and focused on people furthest from the labour market. This should provide tailored solutions for different

groups of people, particularly women and disabled people.

198. Income maximisation for people who cannot work is also extremely important. We believe that the under-claiming of benefits such as Pension Credit should be addressed as a priority, and advice services are critical to this. We heard from respondents that unclaimed Pension Credit could be worth upwards of £168 million to the Welsh economy, but the Welsh Government's 2013 [Advice Services Review](#) did not contain any recommendations on the take-up of Pension Credit.

199. We are concerned that the Welsh Government is investing in generic advice services, rather than those designed for people with specific needs, particularly disabled people.

200. We are also concerned about the provision of crisis payments. The Welsh Government's Discretionary Assistance Fund has been under-claimed, and consequently the Welsh Government chose to reduce the size of the Fund in the 2015-16 budget (from the original £10.2 million to £7.2 million). However, we understand that this underspend was a result of difficulties in accessing the fund and a general lack of awareness of its existence, rather than a lack of need.

201. Since the Minister's appearance before the Committee, the Welsh Government has published an evaluation of the DAF. This evaluation sets out a number of areas for improvement, including simplification of the application forms, the provision of formal training for relevant staff and caseworkers, and the extension of the range of goods and services that can be accessed through the Fund. While these are to be welcomed, we note that the focus of the evaluation was whether the DAF was being implemented as intended and on wider process issues.

We recommend that the Welsh Government prioritises the under-claiming of benefits such as Pension Credit and the Discretionary Assistance Fund (DAF) in Wales.

We recommend that the eligibility criteria for the DAF be widened, for example, by not requiring people to apply for a budgeting loan before applying for the DAF. We also recommend that the original allocation of £10.2 million for the Fund is restored.

Annexe

202. The Committee agreed to undertake an inquiry into poverty in Wales focusing, for the purposes of this report, on poverty and inequality.

Terms of reference

203. The Committee agreed the following terms of reference for its inquiry:

To consider—

- how effectively the Tackling Poverty Action Plan, Strategic Equality Plan and other government strategies work together;
- the impacts of poverty, particularly destitution and extreme poverty, on different groups of people;
- how legislation, policy and budgets targeted at tackling poverty and reducing inequality are co-ordinated and prioritised across the Welsh Government.

The Committee's approach

204. Between 17 July 2014 and 12 September 2014, the Committee conducted a public consultation to inform its work, based on the agreed terms of reference. [29 written responses](#) were received and published on the Assembly's website. In addition, the Committee heard oral evidence from a number of witnesses. The [schedule of oral evidence](#) is published on the Assembly's website.

205. The Committee would like to thank all those who contributed to its inquiry.

Outreach work

206. The Committee held an informal stakeholder event and undertook six visits to projects working with people on low incomes across Wales.