

INDUSTRIAL COMMUNITIES CROSS PARTY GROUP

MINUTES OF THE MEETING HELD ON 5TH NOVEMBER 2014 AT TY HWYEL HOUSE, CARDIFF BAY

1. Present

David Rees AM, National Assembly for Wales; Jeff Cuthbert AM, National Assembly for Wales; Keith Davies AM, National Assembly for Wales; Cllr Jane Ward, Industrial Communities Alliance Wales and Rhondda Cynon Taf CBC; Peter Slater, Industrial Communities Alliance Wales; Ray Pearce, Bridgend CBC; Connie Milton, Office of Simon Thomas AM; Debbie Pike, Rhondda Cynon Taf CBC; Nicola Somerville, Blaenau Gwent CBC; Helen Cunningham, Office of Jenny Rathbone AM; Angharad Thomas, Office of David Rees AM; Professor Steve Fothergill, Industrial Communities Alliance and Sheffield Hallam University.

2. Welcome

David Rees welcomed everyone to the meeting of the Industrial Communities Cross Party Group, the main purpose of which was to consider the latest research commissioned by the Industrial Communities Alliance, Wales, on the impact of Welfare Reform on the Valleys.

3. Election of Chair

David Rees AM was elected as chair of the Cross Party Group for 2014/2015.

4. Election of Secretary

Peter Slater, Director, Industrial Communities Alliance, Wales, was elected as secretary of the Cross Party Group.

5. Financial Report

Peter Slater confirmed that the Industrial Communities Alliance, Wales would be assuming responsibility for the incidental expenses incurred by the Cross Party Group and that a statement of expenditure would be submitted at the end of 2014/2015.

6. The Impact of Welfare Reform on the Valleys, Professor Steve Fothergill, ICA and Sheffield Hallam University

The meeting received a presentation on the research commissioned by the ICA Wales on the impact of Welfare Reform on the South Wales Valleys. The research builds on the 2013 study by taking the analyses

down to electoral wards whilst also addressing the knock-on consequences for businesses and jobs.

Professor Fothergill described how those Welsh authorities which were hardest hit, in terms of the loss per adult of working age, were all drawn from the Valleys. This pattern was high-lighted in the 2013 report and by the Welsh Government's own estimates; the biggest single impact falls on Merthyr Tydfil with an estimated loss of £720 per annum per adult of working age, followed by Blaenau Gwent (£700), Neath Port Talbot (£690), Rhondda Cynon Taf (£670), Caerphilly (£640), Bridgend (£600) and Torfaen (£590). The meeting was informed that the three wards with the highest financial losses are Maerdy (RCT, £1050 per working age adult), Pen-y-Waun (RCT, £1040) and Gurnos (Merthyr Tydfil, £1010).

He went on to describe how the total loss to the Valleys will amount to £430m a year when the reforms come to full fruition, with the largest financial loss of £150m being attributed to the changes in incapacity benefits. Other major sources of financial loss include reductions in Tax Credits and below inflation uprating of the main working-age benefits. In the Valleys, and across Wales as a whole, welfare reform will remove almost four times as much per year as is received in EU regional aid.

Turning to the economic consequences of the reduction in spending power resulting from the reforms, the research shows that for Wales as a whole household disposable income will be reduced by around 2.4%. In the Valleys, the reduction is likely to be around 3%, which it is estimated could lead to the loss of around 3,000 jobs in consumer services.

Concluding. Professor Fothergill questioned whether the reforms would lead to higher employment rates given the relative weakness of the local economies in the Valleys and the existence of an already substantial pool of unemployed labour. Instead, he proposed that the generation of 100,000 jobs, based on an economic growth rate of 3.5% per annum, would achieve the same result of saving the Exchequer of around £1bn a year. He went on to address how this growth could be achieved through actions such as maintaining a competitive exchange rate and low exchange rates, skills development, rebalancing the economy towards the regions and industry and delivering job creation programmes such as Jobs Growth Wales.

Councillor Jane Ward reported that Owen Smith MP, Shadow Secretary of State Wales, had also convened a meeting with Alliance representatives in Westminster on the 4th November 2014 to discuss the report, the conclusions of which were considered to be very relevant to the on-going debate in Parliament on welfare reform.

There followed a wide ranging discussion on the main issues arising from the report during which Jeff Cuthbert AM warned of the return of significant levels of poverty in Wales' poorest communities. The meeting was also reminded of the impact of what was considered to be an increasingly aggressive sanctions policy being implemented by the DWP, with participants on the Work Programme being twice as likely to incur sanctions for non-adherence to conditions. The impact of the continuing squeeze on public expenditure and the impact on services and jobs was also seen as exacerbating the situation.

At the request of Keith Davies, AM, Professor Fothergill also agreed to provide the complete data set for the Llanelli area, given that it had not been included in the original report which had focused on wards in the Valleys.

David Rees closed the meeting by thanking Professor Fothergill for his research and presentation, and called for Assembly Members and the Alliance to ensure that the report was circulated within the Welsh Government and the wider community.

Peter Slater

25th November 2014