

**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.

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## 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  
South Wales East



**Janet Finch-Saunders**  
Welsh Conservatives  
Aberconwy



**Mike Hedges**  
Welsh Labour  
Swansea East



**Mark Isherwood**  
Welsh Conservatives  
North Wales



**Gwyn Price**  
Welsh Labour  
Islwyn



**Gwenda Thomas**  
Welsh Labour  
Neath



**Rhodri Glyn Thomas**  
Plaid Cymru  
Carmarthen East and Dinefwr

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



**John Griffiths**  
Welsh Labour  
Newport East

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# Conclusions and recommendations

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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

**01.** 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.

**02.** 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.

**03.** 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.

**04.** 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.

**05.** 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.

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**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.**

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## Understanding poverty

**06.** 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.

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**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.**

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## Who is living in poverty?

**07.** 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.

**08.** 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.

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**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.**

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## Increasing household incomes

**09.** 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.

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**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.**

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**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.

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**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.**

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## Increasing household incomes

- 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.

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**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.**

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