

# Communities, Equality and Local Government Committee

## Inquiry into Poverty in Wales – Strand 1

### Submission by the Bevan Foundation and Joseph Rowntree Foundation

1. This paper is jointly submitted by the Bevan Foundation and Joseph Rowntree Foundation. They welcome the opportunity to submit evidence to the Committee's inquiry on this important subject.
2. The Bevan Foundation develops evidence-based solutions to poverty, inequality and injustice in Wales. It is a company limited by guarantee and registered charity, independent of any political party or views. The Bevan Foundation works closely with the Joseph Rowntree Foundation (JRF), and much of this submission draws on evidence from JRF's recent research. JRF, an independent charitable body, has a long tradition of research and policy development to tackle the root causes of poverty and has a well-established commitment to working in and across the nations of the UK. It is currently developing, for the first time, a UK-wide set of anti-poverty strategies.

#### Poverty and Equality

3. JRF has been monitoring poverty and social exclusion since 1997 and reports the position in Wales every 2 years.<sup>1</sup> Following a fall in the early 2000s, the overall level of relative income poverty in Wales has shown little change, with 23% of the population living in low income families in the period 2010/11-2012/13.<sup>2</sup> There has however been a big change in the composition of those on low incomes – there are now fewer people of pensionable age in poverty offset by a rise in the numbers of working age adults and families.<sup>3</sup>
4. There is overwhelming evidence that the risk of living in relative income poverty is higher for **all** groups of people with protected characteristics than the rest of the population.<sup>4</sup> For example, 30% of working-age families in poverty in Wales contain a disabled adult contrasting with 17% who do not.<sup>5</sup> Similarly, the greatest risk factor for moving into poverty is becoming a lone parent, greater even than becoming workless.<sup>6</sup>
5. 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. 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).

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<sup>1</sup> New Policy Institute (2013) **Monitoring Poverty and Social Exclusion in Wales**, 2013. Joseph Rowntree Foundation, available at: <http://www.jrf.org.uk/publications/monitoring-poverty-wales-2013>

<sup>2</sup> Department for Work and Pensions (2014) **Households Below Average Income**. DWP.

<sup>3</sup> New Policy Institute (2013) op. cit.

<sup>4</sup> The differences between women and men are over the life course – there is little difference in the proportion of men and women in poverty at specific date.

<sup>5</sup> New Policy Institute (2013) op. cit.

<sup>6</sup> New Policy Institute (2014) **Dynamics of Low Income**. Welsh Government, available at <http://wales.gov.uk/docs/caecd/research/2014/140409-dynamics-low-income-en.pdf>

6. However protected characteristics are by no means the only factor in the higher incidence of poverty – class, education and skills, place of residence and having more than one protected characteristic are also important factors. For example, research by JRF in Wales in 2013 found marked differences in the levels and experiences of poverty between ethnicities, associated with a variety factors rather than ethnicity itself.<sup>7</sup>
7. It is also vitally important to recognise the differences amongst people with protected characteristics – for example the risk of poverty varies substantially between different ethnic minority groups.
8. Our view is that any strategy which aims to reduce poverty must understand the socio-economic structures and processes which create and maintain poverty, including the specific structures and processes that affect people with protected characteristics. At risk of stating the obvious, not all people on low incomes are the same and one size of policy does not fit all.
9. We welcome the conclusion of two independent reviews that the Tackling Poverty Action Plan (TPAP) has the ‘most coherent’ approach in the UK<sup>8</sup> and that it is ‘more advanced’ than others,<sup>9</sup> particularly in its use of monitoring and evaluation. Nevertheless, we suggest that there is potential for the TPAP to be stronger in its approach to equality issues.

### **How effectively the Tackling Poverty Action Plan, Strategic Equality Plan and other government strategies work together**

10. In our view, some Welsh Government plans and strategies are relatively well integrated with the TPAP. For example, the objective of closing the gap in educational attainment between children from low-income families and other children directly complements the objectives of the TPAP, as do Welsh Government policies on access to further and higher education. Similarly, policies to reduce inequalities in health, such as to reduce the gap in life expectancy and reduce the unequal incidence of certain conditions, are directly complementary. The review of the child poverty strategy<sup>10</sup> reached similar conclusions.
11. In respect of equality, the TPAP and Strategic Equality Plan (SEP) have complementary aims and are said to ‘dovetail’. Three of the SEP objectives (to close the gender, ethnic and disability gaps in pay and employment; to reduce the number of young people not in education, training or employment; and to create a more inclusive workplace) are directly relevant to the TPAP’s aim of helping people into work.
12. The TPAP recognises that protected characteristics shape some aspects of poverty: for example that young people who are disabled, from an ethnic minority and or are women with caring responsibilities are at greater risk of ‘not earning or learning’; the importance of childcare in helping women to work; and concessionary fares for disabled people.
13. Welcome though this is, our view is that there is a scope to mainstream equality further –so that reducing inequalities between people with protected characteristics is systematically incorporated into the TPAP’s priorities and actions. For example, the priority to ‘help people into work’ could explicitly recognise and address the specific challenges faced by disabled

<sup>7</sup> Holtham, D., Bottrill, I. and Watkins, J. (2013) **Poverty and Ethnicity in Wales**. JRF, available at: <http://www.jrf.org.uk/publications/poverty-and-ethnicity-wales>

<sup>8</sup> McCormick, J. (2013) **A review of devolved approaches to child poverty**. JRF, available at: <http://www.jrf.org.uk/publications/devolved-approaches-child-poverty>

<sup>9</sup> IPSOS Mori and New Policy Institute (2014) **Evaluation of the Welsh Child Poverty Strategy Final Report**. Welsh Government, available at: <http://wales.gov.uk/statistics-and-research/child-poverty-strategy/?lang=en>

<sup>10</sup> *ibid*

people, lone parents or young, black men in finding employment.

14. We consider that the TPAP works least well with economic and labour market strategies, a view shared by the recent evaluation of Welsh Government approaches to child poverty:

*The evaluation team has not seen any evidence of significant coordination between programmes aiming to help people into work and programmes aiming to create jobs. (IPSOS Mori and New Policy Institute (2014) para 9.12 p. 102)*

15. This is a significant issue - a recent review of international anti-poverty strategies<sup>11</sup> found that:

*if anti-poverty strategies are to have real purchase they must be developed alongside economic policy (p. 23)*

16. Not only is an effective relationship important for “helping people into work” – as the international review quoted above noted 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.

### **The impacts of poverty, particularly destitution and extreme poverty, on different groups of people**

17. Although in theory anyone is at risk of poverty, the risks are very much higher for some groups of people, many of whom (but not all) have characteristics protected by the Equality Act 2010 as noted in para 4.
18. Destitution has re-emerged into current debates about poverty, and its use as a term is hotly disputed. Destitution is much more than ‘severe poverty’, with there being a broad consensus that it involves an inability to meet subsistence needs (such as food and shelter). Other considerations include whether an individual has any assets or is dependent on ‘transfers’ over which they have no control, such as gifts of food or money.
19. There are some groups of people who are obviously destitute, e.g. people who are homeless and people subject to immigration controls with no recourse to public funds. There is debate about whether others (such as those using food banks) are ‘destitute’ because they may, for example, have assets.
20. JRF has begun a major inquiry into destitution, the first in the UK, aiming to:
- develop a conceptual map of destitution which provides insights into the types of people affected, pathways into and out of it, drivers, risk factors and protective factors.
  - To answer how much destitution is there in the UK? Who is affected by it? How has this changed in the last 20 years? What are the drivers of rising/falling/changing destitution?
  - To highlight the state of the evidence base and the uncertainties and gaps within it.
  - To explore the experiences and impacts of destitution for the people affected.
21. The project is due to report towards the end of 2015.

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<sup>11</sup> MacInnes, T., Bushe, S., Kelly, P. and McHardy, F. (2014) **International anti-poverty strategies**, in Goulden, C. (ed) Reducing Poverty in the UK: a collection of evidence reviews. JRF, available at: <http://www.jrf.org.uk/publications/reducing-poverty-in-the-uk-evidence-reviews>

## **How legislation, policy and budgets targeted at tackling poverty and reducing inequality are co-ordinated and prioritised across the Welsh Government**

22. 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 in place to support this objective (the Children and Families (Wales) Measure 2010, the TPAP, an implementation board, an external advisory group (on which JRF is represented), departmental and local government anti-poverty champions and regular stakeholder meetings). Looking ahead, the Welsh Government has called for the ‘socio-economic’ duty clause of the Equalities Act 2010 to be enacted in Wales, includes poverty in the scope of the proposed Future Generations Bill, and earmarks 20% of anticipated European Social Fund moneys in the 2014-2020 West Wales and the Valleys programme for tackling poverty.
23. The question is whether they make any difference. The evaluation of approaches to child poverty<sup>12</sup> concluded that the combination of political priority and having the TPAP in place had raised the profile of the issue and helped to secure resources:

*Tackling poverty being a priority of the First Minister and included as one of the three key aims in the Programme for Government has been immensely important for raising the profile of this issue and giving individuals working at various levels leverage to tackle child-poverty-related problems.*

Para 9.30, p. 108

24. It found evidence that other internal mechanisms within Welsh Government had had some impact but that there was scope to do more, particularly in terms of gathering and making effective use of evidence.
25. The same review found that the Child Poverty measure’s main impact on public bodies was, as in the case of Welsh Government, to raise the profile of child poverty, improve co-ordination and give leverage to efforts to establish child poverty initiatives. It reported that most public bodies had not changed their services or increased expenditure on child poverty programmes as a result of the Measure.
26. One of the most significant issues is the scale of the Welsh Government’s efforts to tackle poverty. Approximately 700,000 people live in households with incomes less than 60% of the median. Reducing the number of people in poverty so that the proportion was the same as in Scotland (18%) would require 150,000 people to increase their household income to above the poverty threshold.
27. The scale of this challenge, given that the Welsh Government does not have control over the most powerful (the tax & benefits system), is thrown into relief when looking at some of its programmes. For example, the target for the LIFT programme is to create 5,000 opportunities for people from workless households and for Jobs Growth Wales to create 4,000 jobs a year. The review of child poverty concluded that:

*The scale of what is being proposed and/or delivered in many policy areas will limit the extent to which any Wales-wide change at the level of population indicators will be seen. For example Flying Start, and the youth employment and skills programmes (including Jobs Growth Wales), are small in terms of the number of beneficiaries they*

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<sup>12</sup> Ipsos Mori and New Policy Institute (2014) op. cit.

*are seeking to target compared to the scale of the issue they seek to address.*  
Para 9.11, p. 102

28. This is not an issue of effectiveness – it is about scale, budget and the interaction with other policies and programmes.
29. The ‘tackling poverty’ budget is relatively small compared with the major areas of expenditure. 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 much more to be done.

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