

A new measure for poverty in Wales and the UK

Around 700,000 people in Wales live in poverty according to UK Government statistics. This figure is based on households who live on below-average income (HBAI), a measure which is widely recognised to have a number of flaws.

The Social Metrics Commission was established to develop a more accurate measure of poverty which has a broad consensus across the political spectrum. Its report, issued on 17th September, sets out a new method to measure poverty and some headline results for Wales.

What's new?

The Social Metrics Commission's new measurement of poverty builds on the work of varied experts and organisations over the years. The important new features are:

1. **More accurate calculation of resources:** The new measure includes the full range of resources people can draw on e.g. savings as well as earned income (salary) or income received through welfare payments.
2. **More accurate estimate of costs:** The new measure includes an allowance for unavoidable costs such as housing and child care, and the additional costs faced by disabled people. The current measure includes only some housing costs.
3. **Persistence of poverty:** the new measure considers the length of time a family has lived in poverty, and the risks of a household falling into poverty. It also considers the factors that help or hinder people moving out of poverty, such as health conditions and qualifications.

Impact on our understanding of poverty in Wales

The new measure shows that:

- 24% of the population of Wales live in poverty – the same as on the current measure.
- A higher proportion of people live in poverty in Wales than in any other UK nation.
- Child poverty is higher than suggested by the HBAI measure, at over 30% compared with 28%.
- Pensioner poverty is lower than suggested by the HBAI measure, at 18% compared with 20%.

Additional insights for the UK that are relevant to Wales are:

- More than half of people who live in poverty have done so for two out of the last three years – equivalent to 12.1% of the whole UK population living in persistent poverty.
- There is a close link between poverty and disability – nearly half of people in poverty are either disabled themselves or live in a household where someone is disabled (compared with 28% currently).
- One in five of those in poverty have resources less than 10% below the poverty threshold so could arguably be readily boosted above it.

Conclusions

The Bevan Foundation welcomes the launch of the new measure for poverty in the UK. The new measure provides a much more realistic and nuanced understanding of poverty in Wales, and should be used to inform a comprehensive and practical action by the Welsh Government, local authorities, businesses and other bodies to solve poverty in Wales.

Bevan Foundation, 145a High Street, Merthyr Tydfil CF47 8DP

info@bevanfoundation.org

www.bevanfoundation.org

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