

Reducing the impact of Coronavirus on Poverty in Wales.

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FOUNDATION

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Our vision is for Wales to be a nation where everyone has a decent standard of living, a healthy and fulfilled life, and a voice in the decisions that affect them.

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Summary and introduction

Covid-19 and the measures put in place to control its spread has had an impact on everyone in Wales, but some people have been affected more than others. On the eve of the pandemic 700,000 people, nearly a quarter of the population, were already living in poverty.¹ The pandemic has hit many of these families hard and swept others who were surviving just above the poverty threshold into poverty.

The Bevan Foundation has set out to provide a snapshot of the impact of Covid-19 on poverty up to the end of August. To do so we have combined official data published by both the Welsh and UK Governments, alongside quantitative and qualitative data gathered from a range of stakeholders who are working with people in poverty. To complement this research we held a virtual roundtable with 14 people who have either been directly working on the front line in response to Covid-19 or who represent people and organisations undertaking such work.

In addition, we have explored what are likely to be the greatest challenges facing people in poverty or at risk of poverty over the next six months. Given the significant uncertainty about the months ahead, we do not seek to predict what will happen in coming months, but rather we aim to highlight some of the risk factors around work, social security and living costs that urgently need addressing to reduce the tightening grip of poverty.

To this end we have identified actions that the Welsh Government and Welsh local authorities should take immediately to help lift people out of poverty, rather than on longer term solutions that should shape wider efforts to rebuild the economy and society.

Amongst the actions we are calling for are:

Action on work

The Welsh Government should:

- The Welsh Government should ensure workplaces are as safe as possible, by resourcing local authorities to carry out spot checks on premises and giving trade union representatives a right to engage with workers in at risk premises.
- Work with employers to guarantee a job or learning opportunity for all adults of working age. The offer should be tailored to the circumstances of different people displaced from the labour market. Specific plans need to be drawn up for young people, women and people from BAME communities.
- Extend and enhance its economic contract to include businesses that receive any financial support from Welsh public funds. It should include an enhanced commitment by employers to achieve fair work, including specific action to increase pay rates to the Real Living Wage, provide contractual sick pay, and offer flexible working on request. Employers' commitments should be monitored and enforced.

Action on social security

Social security is not devolved but a number of complementary schemes that support low-income households are operated by the Welsh Government and local authorities. The Welsh Government should:

- Undertake a large-scale benefits take up campaign to ensure people are accessing the benefits they are entitled to, including UK Social Security benefits as well as Council Tax Reduction Scheme, Free School Meals and the Discretionary Assistance Fund.
- Ensure that local authorities have sufficient funds to top up all discretionary forms of local support including Discretionary Housing Payments.
- Extend support to local authorities to enable them to offer cash in lieu of Free School Meals to families who have to self-isolate or shield, or to children whose schools are forced to shut in response to a local or national lockdown.

In addition, we recommend that our proposals to reform devolved benefits be accelerated. The Welsh Government should encourage local authorities to:

- Establish a single point of access for Free School Meals, the Pupil Development Grant Access and the Council Tax Reduction Scheme. This would make it easier for families in poverty to access them. Where possible this support should be provided on a 'passported' basis.

Action on costs

At the same time as seeing incomes fall, low income households have faced rising costs. The Welsh Government should:

- Retain the minimum notice period for no fault evictions at six months until at least 31 March 2021 but ideally until the Renting Homes (Amendment) (Wales) Bill is enacted and put into force to ensure that all tenants are adequately protected and to protect sums paid out under the Tenant Saver Loan Scheme.
- Remove any requirement for a tenant who receives support through the Tenant Saver Loan Scheme to repay their loan to avoid trapping families in poverty into the medium term.
- Pause Council Tax debt enforcement action for twelve months.
- Extend the support provided through its £3m fund to support digitally excluded learners so that more children have access to digital learning, with a particular focus on children from families who are seeking asylum.
- Explore what can be done at a Welsh level to assist families at risk of being disconnected by their utility providers due to falling into arrears.

The Welsh Government should also take action to provide the essential services people need. The Welsh Government should:

- Reinstate as a matter of urgency some of the services that were terminated or reduced as a result of Covid-19. In particular the Welsh Government should immediately 'switch off' the measures in the Coronavirus Act 2020 which relax

social care and mental health duties, as called for by the Equality, Local Government and Communities Committee.

- Work with local authorities to ensure that all homeless people are provided with adequate accommodation. No one should be refused access to Temporary Accommodation in Wales and no one should be discharged from Temporary Accommodation back into homelessness.
- Work with local authorities to ensure an assessment of a homeless person's needs is made when allocating accommodation, and to ensure that arrangements are made for accessing food and other essential needs.
- Notify schools that no child should be excluded over the next 6 months if they are wearing the wrong school uniform given that it is children from low income families which are most likely to find it difficult to comply with changes to uniform policy.
- Ensure that support is available for people and communities all over Wales, to deal with the economic, health and mental health implications of the challenging six months ahead.

These proposals could significantly improve the lives of thousands of people trapped in poverty this winter. We acknowledge that some of the major levers to tackle the challenges people in Wales face over the next six months and beyond remain at Westminster. It is therefore important that the Welsh Government continues to lobby the UK Government to take action on work, social security and living costs.

1. Lockdown and easing

The initial lockdown phase and its gradual easing has been a difficult period for everyone across Wales but has been especially difficult for those on low incomes. This section sets out the impact of changes between March and August on the drivers of poverty and considers who has been affected by them.

1.1 Lockdown and work

Being in work significantly reduces the risk of living in poverty.² Despite this, prior to the pandemic, over half the people who were living in poverty in Wales lived in households where at least one person was in work.³ Low pay and insecure work are just some of the factors that are pushing working families into poverty, some of the emerging data on the impact of the pandemic on the Welsh labour market is therefore especially concerning.

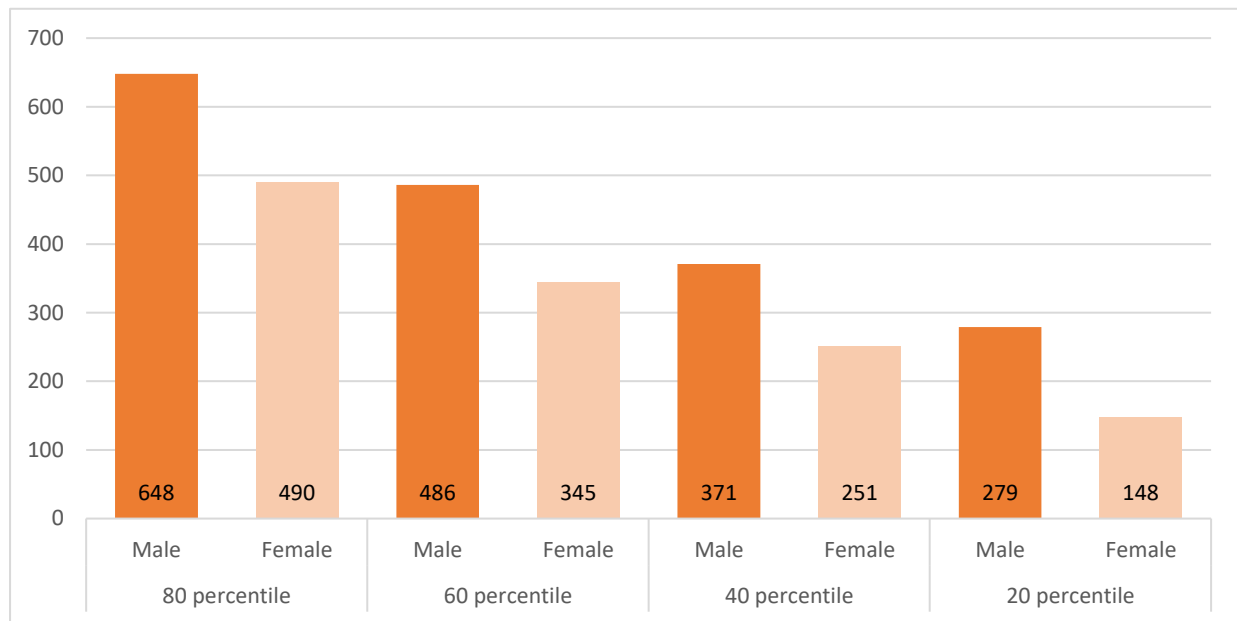
The scale of the impact that Covid-19 was likely to have on the Welsh labour market was apparent as lockdown measures were introduced in March. Approximately 211,500 people worked in sectors that were completely shut down, with workers in many other sectors also affected.⁴

Across Wales more than 400,000 people have, at some point, been placed on the Job Retention Scheme (JRS), 31 per cent of the entire workforce.⁵ In addition, 110,000 people have claimed the Self-Employment Income Support Scheme (SEISS), 78 per cent of those eligible.⁶ Low paid workers were more likely to be placed on furlough than higher income earners. This is, in part a consequence of the fact that low paid workers have been less able to work from home than workers on higher incomes.⁷

Low paid workers have also been amongst the least likely to see their pay topped up. JRS covers 80 per cent of an employee's salary up to a cap of £2,500, although some businesses chose to top up their employees pay above 80 per cent. In the lowest paid fifth of workers, only 23 per cent of furloughed workers were receiving full pay, falling to 17 per cent of workers in the next lowest-paid fifth.⁸ Amongst higher paid furloughed workers, 25 per cent of those in the middle of the range received full pay, rising to 31 per cent amongst the second best-paid fifth.⁹

The effect of losing 20 per cent of pay in cash terms is significant. The lowest paid fifth of employees on average lose nearly £50 a week while those in the second lowest fifth lose £77 a week.¹⁰

Chart 1 – 80 per cent of 2019 gross weekly earnings, £, Wales



Source: Annual Survey of Hours and Earnings date, residence analysis, accessed via nomis

Low paid workers who have been able to continue working have also been affected by the pandemic. Given that low paid workers have been less able to work from home, many have faced a higher risk of catching Covid-19. Of workers still working, many have seen the number of hours they work cut. Overall, 31.3 per cent of UK businesses have decreased their workforce’s working hours, while 10.9 per cent increased them.¹¹

It is not surprising, then, that the pandemic has had an impact on households’ incomes. Citizens Advice Cymru estimate that in April, as many as 42 per cent of Welsh households had seen a reduction in their income.¹²

It has also been a testing period for employees’ relationship with their employers. Between the 24th of March and the 23rd of July 6,500 people have contacted Citizens Advice Cymru for employment advice.¹³ This is a 187 per cent increase on the previous year.¹⁴ The main issues reported by people have related to pay and entitlements, the furlough scheme, and terms and conditions of employment.¹⁵ There have also been above baseline increases in the number of people contacting Citizens Advice Cymru about self-employment, and about parental and carer rights at work.¹⁶

In the first few weeks of lockdown we saw a huge spike in terms of numbers of people coming to us with furlough, employment issues, wanting to know what can/ can’t happen... some of it was a lack of understanding on the part of the employee, some of it a lack of understanding on the part of the employer so we were getting quite involved with issues and with people that, perhaps, haven’t been our bread and butter clients.

Stakeholder at Bevan Foundation Roundtable

Workers from Black, Asian and Minority Ethnic Communities were hit hard from two angles during lockdown. On the one hand, those of Black, Indian and Bangladeshi ethnicity in Wales were more likely to be key workers, with a large number working in the health and social care sectors, putting them at greater risk of catching the virus.¹⁷ On the other, those of Bangladeshi, Other, Black Caribbean and Pakistani ethnicity were more

likely to work in locked-down sectors, placing them at greater risk of being placed on furlough or losing their job.¹⁸

Women were also more likely to have been key workers or have worked in lockdown sectors.¹⁹ Whilst the immediate implication of this is apparent, an additional cause for concern is been the impact of home schooling and additional caring responsibilities on women. Whilst men with children under 18 spent two hours a day caring for children during lockdown, women were spending three hours a day with this gap being even greater within families with children under 5.²⁰ Single parents have been especially affected, 90 per cent of whom are women.²¹ In this context it is perhaps not surprising that mothers are one and-a-half times more likely than fathers to have quit or lost their job since the start of the lockdown.²² 3,000 fewer women were in work in Wales in the three months to June 2020 than in the previous quarter, the number of men in work did not decrease over the same period.²³

All these pressures have had an impact on people's mental and physical health. People living in Wales' most deprived communities have been significantly more likely to die from Covid-19 than people living in more affluent communities.²⁴ This is both a result of people on low incomes being more likely to have underlying health conditions that made them vulnerable to the virus²⁵ and as a result of people on low incomes being less able to work from home, putting them at greater risk of catching Covid-19.²⁶ Samaritans Cymru meanwhile found increased anxiety in people contacting their volunteers.²⁷ This included an increase in the frequency of calls to volunteers about heightened anxieties relating to personal finances and unemployment.²⁸

1.2 Lockdown and Social Security

The weaknesses within the UK's social security system were well known long prior to the recent crisis, in particular the shortcomings of Universal Credit. Issues such as the five week wait for the first payment, assessment periods and monthly payments, the benefit cap and sanctions have caused significant public concern. In the first few weeks of the crisis, the UK Government took some steps to temporarily address some of these weaknesses. Other issues, however, were not addressed and with the number of people claiming Universal Credit increasing sharply, will affect more people.

Universal Credit and lockdown

The number of people claiming Universal Credit in Wales had been gradually increasing prior to the pandemic. Whilst the "managed migration" of existing claimants of legacy benefits onto Universal Credit has been delayed, the number of people claiming Universal Credit has continued to increase through "natural migration" where people have been moved onto Universal Credit due to a change in their circumstances. Between January and March 2020, the number of people in receipt of Universal Credit increased by 12,500 in Wales.²⁹ Since the March, however, the number of people in receipt of Universal Credit has increased significantly.

There were nearly 105,000 more people claiming Universal Credit in Wales in June 2020 than in March with the total number of people receiving Universal Credit estimated to be 260,000.³⁰ This increase can largely be attributed to an increase in people claiming Universal Credit after becoming unemployed with the number of people claiming Universal Credit in such circumstances doubling over the same period.³¹ We also heard at

our roundtable that a number of the stakeholders had been busy assisting low paid workers who had been placed on the furlough scheme to make new applications for Universal Credit to top up their pay.

Many of the people now claiming Universal Credit for the first time have never previously had to navigate the benefits system. This is leading to new challenges to organisations providing advice and support. Citizens Advice Cymru estimate that by the end of July, 20,000 people had contacted them about issues relating to benefits.³² Whilst this number is roughly similar to the number of queries received over the same period in 2019, the nature of the queries has changed. Citizens Advice Cymru have helped more people with out of work benefit claims and fewer people with disability benefit claims since the start of lockdown than in previous years.³³ They have also helped more people to access local social welfare provision and foodbanks.³⁴

We are seeing a lot of people who are new to the benefits system who are not really sure where to get support from.

Stakeholder, Bevan Foundation Roundtable

While more people have needed support, organisations working within communities have been less able to provide that support in person. Stakeholders at our roundtable were especially concerned about disabled people, people with limited literacy skills and people with limited digital access at this time. There is a risk that claims will be disallowed or not paid in full as a result.

The clients with low educational attainment have really struggled, so you know, when they've had PIP reviews and had to fill in forms or had debt paperwork to fill in they've had nowhere to take it to or no one to talk to it about and that's been really difficult to overcome.

Stakeholder, Bevan Foundation Roundtable

Speakers of languages other than English or Welsh have also been badly affected. We heard that some organisations lost access to language support lines during lockdown, at a time when some of the restrictions placed on those without recourse to public funds were eased. Stakeholders reported that while the number of people with limited language skills that their agencies help is small, the impact on them can be significant.

To counter some of the shortcomings within Universal Credit and as a response to social distancing measures, the UK Government have made a number of temporary changes to Universal Credit. These changes included:

- increasing the basic allowance for Universal Credit and Working Tax Credits by £20 a week up to 31st March 2021 for job seekers;
- the temporary suspension of sanctions;
- Local Housing Allowance rates increased to 30% of market rate.

Stakeholders were broadly positive about the impact of these changes and felt that they had provided vital support for families. Despite the positive effects, there was agreement that far more needs to be done to improve the system. Known issues with Universal Credit that have not been addressed include the 5 week wait, and the benefit cap.

The sharp increase in the number of people receiving Universal Credit makes these issues even more significant. The increase in the number of people receiving Universal Credit may indicate that many people have had to move from legacy benefits to Universal Credit due to a change in their circumstances. People who naturally migrate to Universal Credit are treated as new claimants, however, and are not provided with any protection against a reduction in the value of their claim, unlike those whose migration is managed.

Devolved schemes and lockdown

Covid-19 has seen the number of people who rely on the support provided by the Welsh Government and local authorities increase significantly. Even prior to the outbreak the Welsh Government supported thousands of families through a wide range of schemes including Free School Meals and the Council Tax Reduction Scheme. Approximately £400m are spent on these schemes annually, but that figure is likely to rise following a surge in demand.³⁵

One support scheme that has seen an increase in demand is Free School Meals (FSM). FSM provide valued support to thousands of families across Wales.³⁶ With schools closed throughout the spring and summer, local authorities had to find an alternative way to support families. With financial support from the Welsh Government, 17 Welsh local authorities provided this support by providing cash in lieu of FSM, while the remaining five provided food vouchers or food hampers.³⁷ The Welsh Government's decision to provide FSM through the school holidays has been another welcome step. There have been concerns however, about the quality of provision where local authorities chose not to provide cash in lieu of FSM.

We've had people telling us that food parcels have not been suitable for their family's needs, so people not being able to eat the food because of allergies or ethical reasons and it isn't really helping, and they would prefer cash.

Stakeholder, Bevan Foundation Roundtable

The number of children taking up their FSM entitlement has increased dramatically since the spring. On school census day during the 2019/20 academic year 85,731 children were eligible for FSM in Wales with 66,012 children taking their entitlement.³⁸ On May 30th, over 90,000 children were taking up their entitlement.³⁹ There are several reasons for this.

First, the economic impact of the pandemic means that more children are eligible for FSM. Data Cymru estimate that some 5,000 more children are now eligible for FSM than prior to lockdown.⁴⁰ This means, however, that most of the increase in take up of FSM can be attributed to children who were already eligible for FSM but did not take up their entitlement now doing so. This may be because the provision of cash rather than meals has reduced the stigma surrounding FSM and provided parents with greater flexibility in providing food. At our roundtable stakeholders also suggested that there has been an increase in the number of local authorities that no longer require families to complete separate FSM application forms.

The number of people receiving support through the Discretionary Assistance Fund (DAF) has also increased significantly. There are two forms of support provided through DAF:

- Emergency Assistance Payments (EAP) – small cash grants for essential costs

- Individual Assistance Payments (IAP) – support to allow someone to live independently such as furniture or white goods.

Over the 2019/20 financial year a total of 77,892 DAF awards were made from both types of funding, with £12.5m spent on the scheme.⁴¹ Between the 18th of March and the 30th of July, however, 48,890 Covid-19 related EAP awards have been made at a cost of £3m.⁴² This figure does not include additional non-Covid-19 EAP awards and IAP awards.

The reasons for this increase are likely to be twofold. The economic impact of the pandemic will undoubtedly have hit some households hard, leading to them to require assistance. One group we heard that had had to rely heavily on DAF were homeless people who had been placed in temporary accommodation. Not all temporary accommodation has adequate cooking facilities. This had led to the residents having to rely heavily on takeaway food, at considerable expense, and so needed to rely on DAF.

People were put in temporary accommodation and that was it really. You got a bed for the night or for the day and we were finding that demands on the local foodbank was increasing significantly but they were struggling to provide anything of nutritional value because of the lack of cooking facilities. So I think when people go into hotels as temporary accommodation there needs to be a little bit more thought about what that person or group of people need, so you know, we're doing DAFs for small fridges and microwaves and so on, and you know, some of these people have small children and you can't live off a Pot Noodle forever and that was certainly the case to begin with.

Stakeholder, Bevan Foundation Roundtable

A second reason is that the Welsh Government made some amendments to DAF to increase its flexibility. This included removing the cap on the number of applications and increasing the amount of money allocated to the fund. These actions combined with greater publicity are also likely to be factors in the increase in the number of awards made.

Despite the significant support provided by Welsh Government over recent months, long standing issues with the schemes have limited their effectiveness. These issues include each scheme being free-standing so that families need to fill in numerous application forms, inconsistencies in eligibility criteria, and the low value of help.

1.3 Lockdown and living costs

At a time that many families have seen their incomes decrease many living costs have increased. Families have had to find money to cover their rent or their mortgage, to pay utilities bills and to purchase food. This has put real pressures on families. Recent research undertaken by the Joseph Rowntree Foundation and Save the Children found that seven out of ten families with children who were claiming Universal Credit or Child Tax Credits have had to cut back on essentials such as food, utilities, nappies and activities for children (including books) as a result of the pandemic.⁴³

Lockdown and housing

Housing costs are the most significant living costs for most people. Even prior to the pandemic the lack of affordable housing was a well-established issue. The rent of an average two bedroom home in Wales is unaffordable for the lowest quartile of earners in

all local authority areas be this social or private sector rent.⁴⁴ There are real concerns that this situation could have worsened as a result of the pandemic with many households falling behind on their rent and mortgage payments.

The Joseph Rowntree Foundation and Save the Children found that over half of families who receive Universal Credit and have children have fallen behind on their rent across the UK as a result of the pandemic.⁴⁵ In Wales, research by TPAS Cymru found that 9 per cent of renters are worried about affording their bills, with the figure higher within the private rental sector.⁴⁶

Despite this, stakeholders at our roundtables reported that they are providing less support to people who have fallen into rent arrears than they may have expected. There are two reasons for this. First, the measures taken by the UK and Welsh Governments to protect renters and people on low incomes are having a positive impact. The temporary increase to local housing allowance, the increase in the basic rate of Universal Credit and the moratorium on evictions have all provided significant assistance to renters across Wales. A second reason, however, may be that many tenants are building up significant arrears but are not seeking assistance precisely because of the temporary protection against eviction.

Whilst stakeholders may not have, to date, seen a sharp increase in the number of people requiring support for rent arrears, the same is not true for other housing matters. Citizens Advice Cymru have provided assistance to 4,000 people with housing-related issues so far this year, an increase of 44 per cent on the previous year.⁴⁷ Shelter Cymru have also seen an increase in the number of people requiring assistance from their services, in particular around homelessness. This increase can, in part, be attributable to a surge in illegal evictions and in part due to difficulties in providing people with alternative accommodation in cases of domestic violence, relationship breakdown or for prison leavers.⁴⁸ The scale of the challenge and the potential underreported rent arrears crisis is emphasized by a poll commissioned by Shelter Cymru that found that as many as 15,000 tenants may have been threatened with eviction since the start of lockdown.⁴⁹

We heard particular concerns about the availability of temporary accommodation. While stakeholders agreed that all local authorities in Wales did a good job finding temporary accommodation for homeless people at the start of the pandemic, some local authorities were no longer doing so.

There's this real patchwork of casework where some local authorities have managed to accommodate everyone and accommodate all the people who have become homeless through Covid... some of them have done an amazing job in bringing everyone in and continuing to do that over time but it really does make you question why then, we've got other authorities where the temporary accommodation waiting list started to build up and got bigger and bigger? In some of them, there's one authority where there were 60 people on the waiting list and our case work has been quite frightening, you know registered sex offenders coming out of prison and sleeping rough because there was nowhere suitable for them to go, families with young children sofa surfing, things we haven't seen for a long time in Wales.

Stakeholder, Bevan Foundation Roundtable

Stakeholders reported that some international students had struggled during lockdown. They reported that a number of international students had been illegally evicted and had lost their part time jobs. Their families who may have previously supported them were

unable to help due to the economic impact of the virus on their own financial capability. Concerns about their migration status were deterring these students from approaching their universities and local authorities, making them extremely vulnerable.

As well as affordability, there are concerns about housing quality. Long before the pandemic there was a body of evidence that showed that people trapped in poverty were more likely to live in poor quality, overcrowded housing. The implications for people's health and wellbeing have been brought into focus in recent months. For people with symptoms of the virus the advice is to stay at home and to stay in a room away from the rest of the household and use a separate bedroom if possible. This advice is impossible for people who live in overcrowded housing to follow.

We also heard concerns that whilst many communities have come together over recent months the experience has not been positive everywhere. Some organisations said that they had seen an increase in people contacting them about anti-social behaviour. They had also seen a number of people contact them to report that they were too afraid to leave their homes for fear of catching Covid-19 as people were congregating in shared spaces within blocks of flats or in public spaces outside their homes and not complying with social distancing guidance.

Lockdown, bills and access to services

Many people have seen their use of household utilities increase as a result of spending more time at home. Citizens Advice Cymru estimate that 15 per cent of people in Wales are either already behind or are expecting to fall behind on their fuel bills and 13 per cent facing the same challenges with their water bills.⁵⁰ It is especially worrying that people were still being disconnected by their utilities providers even during lockdown. 44 per cent of those disconnected during this period reported that they did not have enough money to pay for their bills with two thirds of them citing the pandemic as a reason for this.⁵¹

People have also more heavily relied on digital means of communications over recent months. This has not been easy for low income households. About 13 per cent of Welsh households have no access to the internet,⁵² with people on low income being less likely to be connected than people on higher incomes.⁵³ Citizens Advice found in April that over 10 per cent of people had either already fallen behind on their internet and mobile phone bill or were expected to do so, putting them at risk of being cut off.⁵⁴

Not having access to digital services already placed low income families at a significant disadvantage. Many services upon which people rely such as Universal Credit have moved to become primarily digital services. The lockdown measures put in place in March did not only increase the number of services that moved online but also shut facilities that people were able to visit in their communities to access the internet such as libraries. In this context it is perhaps not surprising that Samaritans Cymru saw an increase in the number of people feeling lonely and isolated.⁵⁵

A lack of access to digital services has also had an impact on the education of children trapped in poverty. Children living in Wales' most deprived communities have been more likely to have their education interrupted than children living in Wales' most affluent communities.⁵⁶ Even where the opportunity for remote learning has been available, many children living in poverty have not been able to take advantage. A survey undertaken by

the Child Poverty Action Group found that 40 per cent of low-income families were missing at least one essential resource to support their child's learning from home.⁵⁷ This includes laptops, printers and even basic materials such as pen and papers. At our roundtable a number of people noted that having access to materials was not the only concern facing families but having access to sufficient materials was equally as important. A family of three that only has one laptop for example, may not be digitally excluded but it is impossible for them to fully engage in online education at home.

The affordability of food has been another major source of concern throughout the pandemic. The Trussell Trust reported an 89 per cent increase in the need for emergency food parcels from their food banks in Wales in April 2020 compared with April 2019 and a 101 per cent increase in the number of children in need of support.⁵⁸ Panic-buying during the early days of lockdown is in part responsible for this surge. We heard at our roundtable that although the initial surge in demand has levelled off slightly, more people are still requiring emergency food support than in previous years.

Given all these concerns it is concerning that many essential and statutory services provided by public bodies in Wales have been scaled back or withdrawn. Participants at our roundtable were sympathetic to the reasons for change and understood why some of the standards that public bodies previously had to comply with were not met, given the impact of the pandemic on staffing levels and the need to prioritise resources on the front line. There was significant concern however, that there is a need to rapidly reinstate these services and minimum standards so that people's rights are protected.⁵⁹

2. The next six months

It is clear that the next six months are going to continue to be challenging as we emerge from lockdown. Some social distancing measures are likely to remain in place into the spring, with fears of a second wave meaning we may see the whole nation or certain communities put back into lockdown. Even if fears about a second wave do not materialise the economic outlook for the autumn and winter are very challenging and the possibility of a no deal Brexit could further worsen the situation. This section will reflect on some of the challenges that the coming months could present those already trapped in poverty and for those who are at risk of being swept into it.

2.1 Work and emerging from lockdown

Covid-19 has already had a significant impact on the Welsh labour market. The number of people claiming out of work benefits has doubled,⁶⁰ whilst the number of people in work has reduced.⁶¹ Despite this, the situation has not been as bad as many feared. Indeed, the unemployment rate in Wales has actually fallen during lockdown, though there are concerns that the figures do not accurately reflect the reality on the ground.⁶² The UK Government's furlough scheme has been widely credited for preventing a surge in unemployment. There are significant concerns however that the situation could rapidly worsen as JRS and SEISS are wound down over the autumn.

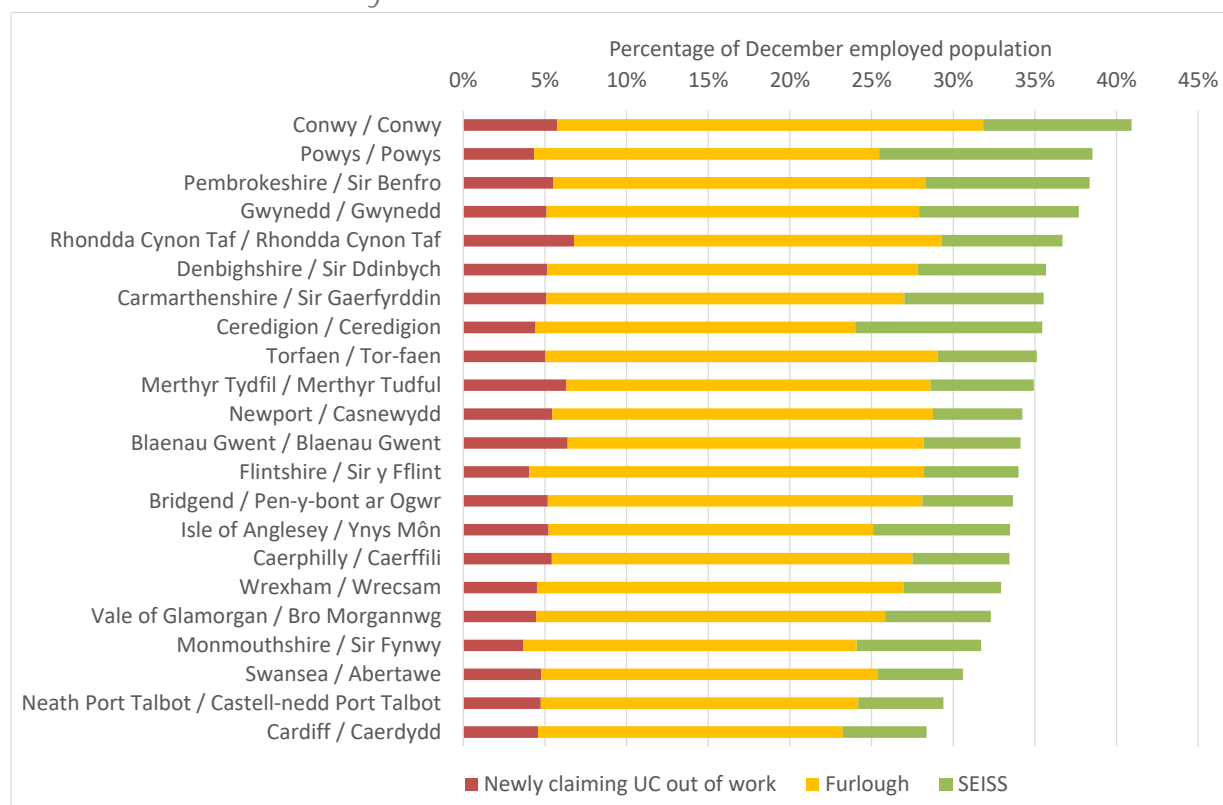
Emerging from lockdown - rising unemployment

The Office for Budget Responsibility's upside scenario estimates that unemployment will hit 10 per cent across the UK this autumn.⁶³ Recent research by the Bevan Foundation found that if half of furlough and self-employed workers do not return to their normal roles, unemployment in Wales could rise to around 20 per cent.⁶⁴

The situation could be even worse locally, as the number of workers who are on furlough or who are claiming SEISS varies significantly across Wales. Staggeringly more than 40 per cent of workers in Conwy are either out of work and claiming Universal Credit, on furlough or are in receipt of SEISS. The claimant count data also suggests that some areas of Wales are already struggling. Over 8 per cent of men aged 16 and above are claiming out of work benefits in ten local authorities; Anglesey, Blaenau Gwent, Caerphilly, Cardiff, Conwy, Denbighshire, Merthyr Tydfil, Newport, Rhondda Cynon Taf and Torfaen.⁶⁵ 9.6 per cent of men aged 16 to 64 in Newport are now claiming out of work benefits.⁶⁶

Stakeholders noted that they were finding that employment issues were especially pronounced in parts of Wales that were more reliant on industries that had been locked down.

Chart 2 – Percentage of the December employed population that have been affected by Covid-19



Source: Joseph Rowntree Foundation

There are already indications that large scale redundancies are underway. On Citizens Advice’s main UK website, the second most viewed page is on redundancy pay⁶⁷ and at the end of June, four out of the top 10 most viewed pages were related to redundancy.⁶⁸

So far in Wales over 1,000 redundancies have been announced within the aerospace industry alone.⁶⁹ Proposals for large scale redundancies have also been announced within the retail and automotive industries whilst the Wales Tourist Alliance is anticipating 30,000 redundancies within the hospitality industry.⁷⁰ With job vacancies at their lowest levels for 20 years, many of these workers may find it difficult to immediately re-enter the labour market.⁷¹

There are concerns that job losses may not only fall more heavily in certain parts of Wales but that some groups may be disproportionately affected. As already outlined young people, people of Bangladeshi, Other, Black Caribbean and Pakistani ethnicity and women were more likely to be working in lockdown sectors. Given that these sectors are amongst those which are expected to struggle the most over the next six months there are fears that these groups may bear the brunt of job losses in the autumn as furlough ends. The emerging data we have to date suggests that these fears are well founded.⁷²

The number of 16 to 24 year olds claiming out of work benefits in Wales had increased at a faster rate than for any other age group to July 2020. There has been a 125 per cent increase in 16 to 24 year old claiming out of work benefits over the past year, compared with a 118 per cent increase for 25 to 49 year old and a 103 per cent increase for the over 50s.⁷³ Given that young people are more likely to work in locked down sector, they have

also been more likely to be put on furlough.⁷⁴ Some BAME groups and women have also been hit hard by changes to the labour market in recent months.

Participants at our roundtable were extremely concerned that the situation for women could deteriorate further unless there was adequate childcare provision available from September. The available data suggests that women have taken on most extra childcare duties as schools have closed and childcare providers shut.⁷⁵ With the furlough scheme winding down we heard concerns that the ability of employers to accommodate temporary withdrawals from work to navigate childcare issues would reduce forcing women to leave the labour market permanently. These concerns will become even more pronounced if schools within certain communities in Wales must shut down or only reopen for reduced hours due to the threat presented by the virus. There is also still a lack of clarity on whether school breakfast clubs and after school clubs will reopen in the autumn, potentially acting as another barrier for women who wish to return to work.

Similar concerns were raised about disabled people or for people who were acting as unpaid carers for disabled people. Stakeholders reported that the reduction in the provision of statutory services during lockdown had led to disabled people in need of assistance relying more heavily on informal care. If those services are not fully reinstated this will act as a significant barrier preventing many carers returning to work. Concerns were also raised that a reduction in the availability of public transport could disproportionately impact disabled people, making commuting to work more difficult as workplaces reopen. On top of this a reintroduction of shielding measures in the autumn could place some disabled people and people with long term health conditions at a significant disadvantage when seeking to access work in a challenging labour market.

Such disproportionate impacts on certain groups with Welsh society have significant implications for poverty. People from "Non-White" ethnic groups, and households where there is a "disability in the family" were already more likely to live in poverty than people from White ethnic groups.⁷⁶ If people from Black, Asian and Minority Ethnic groups, disabled people and carers are hit disproportionately hard by job losses then the implications for poverty are immediately apparent.

A significant rise in female unemployment could not only have an impact on gender inequality but could also have an impact on poverty. 42 per cent of children and 48 per cent of adults in single parent households already live in poverty.⁷⁷ 90 per cent of single parents are women.⁷⁸ A rise in female unemployment could even drive more couple households into poverty. A household where one but not all working age adult are working are twice as likely to live in poverty as a household where two adults are in work.⁷⁹

Emerging from lockdown - worsening terms and conditions

There are fears that the labour market might not only be challenging for those who have lost their jobs but also for those who are in work. Thousands of workers across Wales have already seen their working hours cut. There is no guarantee that these workers will see hours reinstated in the short to medium term.

A significant surge in unemployment will also reduce the pressure for employers to improve pay and conditions as workers battle over a reduced number of jobs. A quarter of Welsh workers were already being paid less than the real living wage prior to the

pandemic.⁸⁰ This problem was especially pronounced in some of the industries that have been hit hardest by the pandemic.⁸¹ A fall in working hours and a lack of incentive for employers to improve worker pay is likely to lead to an increase in people living in in-work poverty in Wales into the new year.

Workers who are able to remain in work could face further challenges if local lockdown measures are reintroduced or if they are required to self-isolate. With the furlough scheme ending and sick pay being insufficient workers could be faced with a difficult decision, staying at home on an income that may not be enough to get by, or risk breaking public health guidance and heading into work in any case.⁸² The announcement by the UK Government that a new payment will be made available for people on low incomes who need to self-isolate is a step in the right direction, but at present the sums available through the scheme and the areas where the support is available are limited.⁸³ Samaritans Cymru have already seen an increase in calls from people concerned about the pressure of going into work when they fear it is not safe to do so.⁸⁴

2.2 Social security and emerging from lockdown

Concerns about the social security system are two-fold as autumn comes. First some of the temporary measures put in to improve the social security system are time limited meaning that the extra safeguards they offered may come to an end. Second, many of the fundamental issues with the social security system are still to be addressed and as more people become reliant on the social security system in the autumn due to an uptick in unemployment, these will affect more people.

Emerging from lockdown - the end of temporary changes?

Amongst the temporary changes to Universal Credit made by the UK Government were:

- increasing the basic allowance for Universal Credit and Working Tax Credits by £20 a week for job seekers;
- the temporary suspension of sanctions;
- Local Housing Allowance rates increased to 30% of market rate.

The decision to suspend sanctions was introduced as the UK entered lockdown. If people were only permitted to leave their homes on a limited basis then it would not be possible for people to travel to the job centre or attend job interviews. As lockdown has eased, however, sanctions have already begun to be reintroduced into the system. There are concerns about the fairness of sanctions more generally, but these concerns have been heightened in the current environment. Participants at our roundtable were especially concerned about what will happen to those in receipt of Universal Credit if a local lockdown is introduced or certain people within the community are advised to shield or self-isolate. If robust procedures are not put in place people could be faced with either a cut in income or taking a risk with their own and other people's health.

The increase in the basic allowance for Universal Credit and the uplift to the local housing allowance are also due to come to an end in March 2021. Given that there are a number of concerns that the level of support that is currently provided through Universal Credit is inadequate, reversing these policies in the spring of 2021 would be a highly regressive move and would squeeze the incomes of struggling families further.

There are also concerns about some of the temporary changes that were made to Welsh support schemes. As noted, the work of Welsh local authorities and the Welsh Government to provide support in lieu of FSM has been highly effective in most parts of Wales. As children return to schools in September however, this alternative provision is likely to come to an end with children receiving their meals in schools. Whilst stakeholders at our roundtable agreed that, in principle, this would be the correct decision, they were concerned that doing so could present new difficulties if some form of alternative provision is not retained. A child whose family must self-isolate for a fortnight or whose school has been temporarily shut, for example, could be left without FSM.

Emerging from lockdown – unaddressed issues

More fundamental than these concerns, however, are concerns about the weaknesses of the social security system. Issues such as the five week wait for Universal Credit, assessment periods and monthly payments, and the benefit cap are long standing and their devastating impact well known. Research by the Trussell Trust, for example, has previously highlighted the clear link between the five week wait for Universal Credit and demand for its services.⁸⁵ Recently published research by the Welsh Government on the other hand demonstrated a link between the roll out of Universal Credit and an increase in rent and Council Tax arrears.⁸⁶

Given that many of the services that have historically supported people who have been squeezed as they have moved onto Universal Credit are already overstretched there are real concerns about the challenges that people could face this autumn. This challenge could be made even greater by the fact that, if unemployment soars as expected, many of the new claimants of Universal Credit will be drawing on the social security system for the first time, or for the first time in a number of years. Stakeholders at our roundtable have already seen a surge in people new to the system seeking assistance and support. There are concerns that many of these people could miss out on all the support they are entitled to, pushing them into further hardship.

One stakeholder argued that service providers and public bodies need to reflect on the language they use to ensure people are provided with all the support they are entitled to.

How accessible is the terminology we use around poverty in terms of the services we offer people, especially for people who have no experience of the system? I'm just thinking, you know, how many people would say that they're in debt? I'm thinking they may be more likely to say that they're skint or struggling a bit? You know, we often talk about inclusion, financial inclusion and I just think we need to be more careful about the way that is perceived by other people and it doesn't lead to them falling through the gap.

Stakeholder, Bevan Foundation Roundtable

There are also limitations to the support available to families from Welsh support schemes. To receive FSM, for example, a family who are in receipt of Universal Credit must have an earned household income of less than £7,400 a year. Such a cap locks out thousands of families who are in in-work poverty from receiving support.⁸⁷ Whilst we have already seen the number of children eligible for FSM increase by 5,000 as parents have lost their jobs, there are likely to be many more families now struggling as a result of

a reduction in working hours or as a result of one partner losing their job but who do not meet the eligibility criteria to receive FSMs.

2.3 Living costs and emerging from lockdown

A pressing concern at our stakeholder roundtable was that some of the debt built up by families over the past few months could begin to pinch.

Emerging from lockdown - housing

Perhaps the area where this concern is most pressing is housing. Whilst stakeholders at our roundtables reported that they are providing less support to people who have fallen into rent arrears than they may have expected, they were concerned that this, may be in part be attributable to tenants building up significant arrears but not seeking assistance due to the temporary protections.

A lot of (social) landlords are probably picking up the cases that are known, where you know the benefits have stopped, where they have been known to be high risk before in terms of income etc. But for me it's those unknown ones, there are a lot of people who are not declaring or not understanding that they are in financial difficulty, or just hoping that things will be OK, but they are not used to the system of wellbeing and support that is available to them, and that's even harder when you can't see people face to face.

Stakeholder, Bevan Foundation Roundtable

This concern is given further weight by the findings of the Joseph Rowntree Foundation and Save the Children, that over half of families who receive Universal Credit and have children have fallen behind on their rent across,⁸⁸ and TPAS Cymru's findings that 9 per cent of renters are worried about affording their bills, with the figure higher within the private rental sector.⁸⁹ There is therefore a real concern that when protections are ended, there could be a significant spike in tenants facing evictions in Wales. Such a spike in evictions could be particularly worrying given the shortage of temporary accommodation in some local authorities.

The Welsh Government have already taken some steps to seek to ease some of these pressures. Such steps include the provision of extra sums for temporary accommodation and the launch of a Tenant Saver Loan Scheme. Despite being cautiously welcomed when originally announced, concerns are growing about the Welsh Government's Tenant Saver Loan Scheme. The Scheme will see the Welsh Government provide loans to tenants who have fallen behind on their rent as a result of Covid-19. The loan would be paid directly to a tenant's landlord, with the tenant required to pay this back over time to the Welsh Government along with interest. Whilst any action to try and prevent a wave of evictions is to be welcomed, there are concerns that the policy could saddle tenants with debt, making it harder for tenants to move out of poverty even after the worst of the pandemic has passed.

In addition to this the Welsh Government have announced that it will extend the minimum notice period for no fault evictions to six months until the 30th of September. There are concerns however, that if the Welsh Government does not extend this policy well into the new year some landlords could abuse the system by taking a payment through the Tenant Saver Loan Scheme and then evicting the tenant regardless. Tenants struggling with debt would find it very difficult to save enough money for a deposit to rent

another property, leading to them relying on temporary accommodation. The policy may therefore be of greater benefit to landlords than to tenants.

Participants at our roundtable were also concerned that a potential housing and homelessness crisis could have an impact on people's ability to find work and therefore more secure, suitable housing. Working from home is more difficult for those living in homes that are overcrowded, and especially difficult for those placed in temporary accommodation. People living in such accommodation are therefore very likely to be at a disadvantage when it comes to finding work in what is set to be a very competitive jobs market this autumn, with many employers expected to retain a degree of home working well into the new year.

There's potential for more and more job opportunities where people are expected to work from home, that could become more normalised, but have people got the broadband, have they got the equipment and have they got the space to work from home? Will that be a barrier preventing people to get into work?

Stakeholder, Bevan Foundation Roundtable

Emerging from lockdown – bills and access to services

It is not just housing costs that are causing concern ahead of the autumn, with a number of people having fallen behind on their gas, electricity, water, phone and internet bills. The implications of the debt being built up by many relating to their gas and electricity bills is especially concerning.

During lockdown people had to use more gas and electricity as a result of spending more time at home. The situation could have been significantly worse. April 2020 was the sunniest on record with temperatures being significantly warmer than average.⁹⁰ Despite this, thousands of families across the UK still saw their gas and electricity supplies cut off as a result of falling behind on their bills. A local or national lockdown during the winter could have a devastating impact on families.

On the one hand, it would lead to even more households falling behind on their bills and at risk of disconnection. On the other the impact of a disconnection would be even more devastating for families during cold and long winter nights. It could also have very real implications for public health. People on low income are more likely to have respiratory conditions.⁹¹ Cold and damp housing is known to exacerbate such conditions and are thought to be ideal conditions for the Covid-19 virus. Cutting low incomes families energy supply this winter could have a devastating effect on the health of people trapped in poverty, make it more difficult to eradicate Covid-19 from our communities and put extra strain on the NHS at a time it is expected to be under severe pressure.

There are related concerns with regards to education. Children from low income families have been less able to engage with education whilst schools have been shut. Whilst the Welsh Government have introduced some measures such as its £3m fund to support digitally excluded learners, for most children, their ability to learn from home is still not greater than it was at the beginning of lockdown. Indeed, for the 10 per cent of families struggling with their phone and internet bills the situation could be even worse.⁹² The return of schools in September will be a welcomed first step in addressing the educational inequality that has grown over the past few months, but with the threat of local lockdowns and families having to self-isolate and shield on the one hand, and the

expectation that a form of blended learning and an increased reliance on digital resources will continue, these inequalities will not disappear overnight. Indeed, we heard some concerns that the way some additional support has been provided in recent months may have exacerbated these issues.

I can't tell you how many stories of families that we've heard of, low income ethnic minority families that we work with, and it seems that people seeking asylum, asylum seeker families have been at the worst in getting access to laptops and wifi.

Stakeholder, Bevan Foundation Roundtable

It is not just Covid-19 that is likely to have an impact on low income families this winter. Brexit is likely to lead to a significant increase in food costs. Some estimates suggest that food prices could increase by as much as 6 per cent in the event of the UK securing a deal and a staggering 22 per cent in the event of a no deal Brexit.⁹³ On top of this, the impact of Covid-19 on supply chains and the cost of food production is expected to continue. With the combination of falling household incomes and social distancing measures making it more difficult for families to visit multiple stores to find the best deals, the combination of all factors could drive thousands of extra families into food insecurity.

The Welsh Government's decision to extend the flexibilities it introduced for the Discretionary Assistance Fund until March 2021 is especially welcomed in this context. The number of people who would benefit from the support available through the fund is likely to surge. As outlined by the Welsh Parliament's Equality, Communities and Local Government Committee, however, there is still a lack of awareness around the scheme, limiting the number of families receiving support that would really benefit them.⁹⁴

A further concern that was flagged at our roundtable was the breadth of people who are likely to face challenges over the next six months. Stakeholders told us that whilst there has been much good work already undertaken by agencies working on the ground in Wales, much of that work has understandably been focused on those who are most "vulnerable". Concerns were raised however, that there may be people who fall outside usual definitions of "vulnerable" have also been hard hit by the pandemic. Samaritans Cymru have noted, for example, that middle aged men, especially those who were unemployed or who had addiction issues were found to be at an increased risk of suicide during the last recession.⁹⁵ Whilst the need to focus on some of the groups that have been disproportionately hit by the virus remains, the scale of the impact of the economic crisis over the next six months is likely to be such that people from all backgrounds are likely to be affected.

3. Solutions

It is clear that people trapped in poverty have already been hit hard by the pandemic and its economic impact. There are actions that the Welsh Government and Welsh local authorities can take, however, to provide immediate support to families over the next six months. Our proposed actions are focused on steps that should be taken in the immediate term as we face a difficult winter as opposed to longer term proposals that should shape our efforts to rebuild the economy and our communities.

Action on work

The pandemic has both highlighted the key role played by low paid workers in supporting society and put thousands of other jobs at risk. Many of the key levers to assist workers remain at Westminster, it is therefore vital that the Welsh Government continue to lobby the UK Government to increase statutory sick pay and to ensure that a form of income support remains available in the event of a local lockdown after the furlough scheme is brought to an end.

In addition to this however, the Welsh Government should:

- The Welsh Government should ensure workplaces are as safe as possible, by resourcing local authorities to carry out spot checks on premises and giving trade union representatives a right to engage with workers in at risk premises.
- Work with employers to guarantee a job or learning opportunity for all adults of working age. The offer should be tailored to the circumstances of different people displaced from the labour market. Specific plans need to be drawn up for young people, women and people from BAME communities.
- Extend and enhance its economic contract to include businesses that receive any financial support from Welsh public funds. It should include an enhanced commitment by employers to achieve fair work, including specific action to increase pay rates to the Real Living Wage, provide contractual sick pay, and offer flexible working on request. Employers' commitments should be monitored and enforced.

Action on social security

Many of the key levers on social security have not been devolved to Wales. The Welsh Government should therefore continue to lobby the UK Government to make changes to Universal Credit. Amongst the changes it should lobby for are:

- An end to the 5 week wait for Universal Credit.
- Lifting or scrapping of the benefit cap.
- A commitment by the UK Government to retain temporary changes to Universal Credit made in response to Covid-19, including the suspension of sanctions.
- Lifting of No Recourse to Public Funds Restrictions.
- An increase the child element of Universal Credit and Child Tax Credit by £20 a week.⁹⁶

In addition to these however, there are a number of steps that the Welsh Government itself could take to support people trapped in poverty. The Welsh Government should:

- Undertake a large-scale benefits take up campaign to ensure people are accessing the benefits they are entitled to, including UK Social Security benefits as well as Council Tax Reduction Scheme, Free School Meals and the Discretionary Assistance Fund.
- Ensure that local authorities have sufficient funds to top up all discretionary forms of local support including Discretionary Housing Payments.⁹⁷
- Extend support to local authorities to enable them to offer cash in lieu of Free School Meals to families who have to self-isolate or shield, or to children whose schools are forced to shut in response to a local or national lockdown.

In addition, we recommend that our proposals to reform devolved benefits be accelerated. The Welsh Government should encourage local authorities to:

- Establish a single point of access for Free School Meals, the Pupil Development Grant Access and the Council Tax Reduction Scheme. This would make it easier for families in poverty to access them. Where possible this support should be provided on a 'passported' basis.⁹⁸

Action on costs and services

To solve poverty in Wales it is vital that action is taken to both support people with their living costs and, where possible, reduce those costs in the first place. The need to do so is even greater as a result of Covid-19. Some of the powers necessary to introduce the required changes ahead of a difficult six months remain at Westminster. The Welsh Government should lobby the UK Government to introduce a ban on energy companies, internet providers, and phone companies cutting off people's supply until 31 March 2021.

There are a number of steps that the Welsh Government can take, however, to assist families. The Welsh Government should:

- Retain the minimum notice period for no fault evictions at six months until at least 31 March 2021 but ideally until the Renting Homes (Amendment) (Wales) Bill is enacted and put into force to ensure that all tenants are adequately protected and to protect sums paid out under the Tenant Saver Loan Scheme.
- Remove any requirement for a tenant who receives support through the Tenant Saver Loan Scheme to repay their loan to avoid trapping families in poverty into the medium term.
- Pause Council Tax debt enforcement action for twelve months.⁹⁹
- Extend the support provided through its £3m fund to support digitally excluded learners so that more children have access to digital learning, with a particular focus on children from families who are seeking asylum.
- Explore what can be done at a Welsh level to assist families at risk of being disconnected by their utility providers due to falling into arrears.

In addition to providing families with support towards their living costs the Welsh Government should also take action to provide the essential services people need. The Welsh Government should:

- Reinstate as a matter of urgency some of the services that were terminated or reduced as a result of Covid-19. In particular the Welsh Government should

immediately 'switch off' the measures in the Coronavirus Act 2020 which relax social care and mental health duties, as called for by the Equality, Local Government and Communities Committee.¹⁰⁰

- Work with local authorities to ensure that all homeless people are provided with adequate accommodation. No one should be refused access to Temporary Accommodation in Wales and no one should be discharged from Temporary Accommodation back into homelessness.
- Work with local authorities to ensure an assessment of a homeless person's needs is made when allocating accommodation, and to ensure that arrangements are made for accessing food and other essential needs.
- Notify schools that no child should be excluded over the next 6 months if they are wearing the wrong school uniform given that it is children from low income families which are most likely to find it difficult to comply with changes to uniform policy.
- Ensure that support is available for people and communities all over Wales, to deal with local lockdowns and the economic, health and mental health implications of the challenging six months ahead.¹⁰¹

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¹⁰¹ The Bevan Foundation will shortly be publishing a report on the support people need as they come out of shielding which will discuss some of these matters further.