

Transforming Wales: how Welsh public services and benefits can reduce poverty and inequality

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About the Bevan Foundation

The Bevan Foundation is Wales' most innovative and influential think tank. We develop lasting solutions to poverty and inequality.

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.

As an independent, registered charity, the Bevan Foundation relies on the generosity of individuals and organisations for its work.

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Summary

People in Wales have long experienced poverty and inequality of all kinds, despite many attempts to tackle them. The Coronavirus outbreak has increased the challenges, and with Brexit, climate change and rapid technological change ahead, make radical action by the next Welsh Government imperative.

This paper sets out a framework for action to reduce poverty and inequality in the next Welsh Parliament term, both in terms of the everyday experiences of people on low incomes and in terms of measurable changes. It draws on the Bevan Foundation's analysis over the last five years.

Two key ideas are at its centre:

- **universal essential services**, which meet people's fundamental needs for shelter, food, warmth, healthcare, education and connection with others. In our view the state has a fundamental duty to ensure all citizens can access these basic requirements, even if it does not provide all of them directly.
- **a Welsh Benefits System**, which reforms and brings together the plethora of devolved, means-tested schemes into a coherent whole to help to lift people out of poverty.

Taken together, our proposals will help to improve the quality of life and long-term prospects of nearly three-quarters of a million people in Wales who struggle to make ends meet. They will mean that people flourish no matter who they are, their background or where they live, and they will help stimulate the economy.

Our proposals come at some additional cost, much of which can be met by refocusing existing expenditure on the people who need it most, and by savings on the long-term costs of poverty.

All political parties must address the scandal of poverty and inequality as they gear up for the 2021 Welsh Parliament elections – our proposals are practical and proven ways they can do so.

1. Introduction

Too many people in Wales live with poverty and inequality, trapped by low wages, gaps in the social security system and high costs, or are held back because of who they are. The Coronavirus outbreak has deepened these inequalities as well as creating new ones, such as the ability to work from home, access the internet and support children's learning.

The future for Wales is exceptionally uncertain. The continued impact of Coronavirus is unclear, and the shape and duration of any economic recovery remain to be seen. The terms of the UK's future relationship with the EU have yet to be agreed, with most experts forecasting difficult conditions ahead. Climate change brings challenges too, both to reduce carbon emissions and to mitigate the worst effects of rising temperatures and extreme weather. And technological change, particularly artificial intelligence, is transforming many aspects of life.

In such uncertain times, the risk that growing numbers of people will fall through the safety net is grave. The priority for our all our public bodies must be to ensure that everyone has a decent standard of living.

This is a major challenge, but one that is not impossible to meet. During the pandemic, our governments and organisations of all kinds showed that they could find and deliver solutions. They provided everything from emergency accommodation for homeless people and food parcels for people who were shielding, they built new hospitals and subsidised wages to prevent mass unemployment. That same ambition and determination to get things done should now be turned to Wales' deep-seated and long-standing inequalities.

Our ambition

The Bevan Foundation's ambition is for Wales to be free from poverty and inequality, to be a nation where everyone has a 'good life' irrespective of who they are or their background. This means solving long-standing inequalities, exacerbated by the Coronavirus, through bold and radical actions.

Our proposals

This paper sets out the key actions that should be taken in the next Welsh Government term to increase social equality.

Our recommendations tackle the underlying causes of problems, rather than applying sticking plasters. They are based on robust evidence, drawing on the Bevan Foundation's extensive experience and expertise working on these issues. Because of this, not every issue facing people in Wales is covered – this is not a general manifesto.

Our proposals are practical and will have a big impact. We have focused on changes that can be made broadly within the Welsh Parliament's current powers and that will make a big difference to people's lives, especially people on the lowest incomes and who experience the greatest barriers. This is not to say that there may be other solutions that could be delivered with a different devolution settlement – but they will do little for the people hardest hit right now.

Our approach: essential services and a Welsh Benefit System

Underpinning our approach is the belief that everyone in Wales has a right to an adequate standard of living, including food, clothing, housing, medical and social care, and support if they are unable to work.¹ These are the foundations of our civilized society.

We also believe that it is the duty of everyone, through the state, to help their fellow citizens to access these essential goods and services. Sometimes needs are met by governments providing services for every citizen, free at the point of use, for example children's education and most health care. Sometimes needs are met by governments ensuring access to a good or service, for example by regulating provision or providing help with costs for people who cannot afford them.

What is important is that the Welsh Government, working with the people of Wales, should underpin access to a good life for all through:

- Universal essential services – the fundamental goods and services we need to survive and thrive.
- A Welsh Benefits System – to ensure people on low incomes have access to essential services that are not free.

This approach is progressive. It immediately and directly benefits people on low incomes. And crucially, it is deliverable within current powers.

Universal essential services

Investing in meeting people's basic needs by providing essential services could transform people's lives and prospects. They would ensure that nobody in Wales is left without the basics of life and that everyone can flourish. The services include:

- A decent home
- Care and development of children
- Good health and social care
- Good education
- Money
- Connection with others.

This investment in essential services will also help to stimulate the economy and create decent jobs across Wales. We envisage delivery of services primarily through public bodies, not-for-profit organisations and social businesses. Where there is a role for delivery by small- and medium sized firms or by large corporations, they should be effectively regulated to ensure high standards and avoid excess profits.

Welsh Benefits System

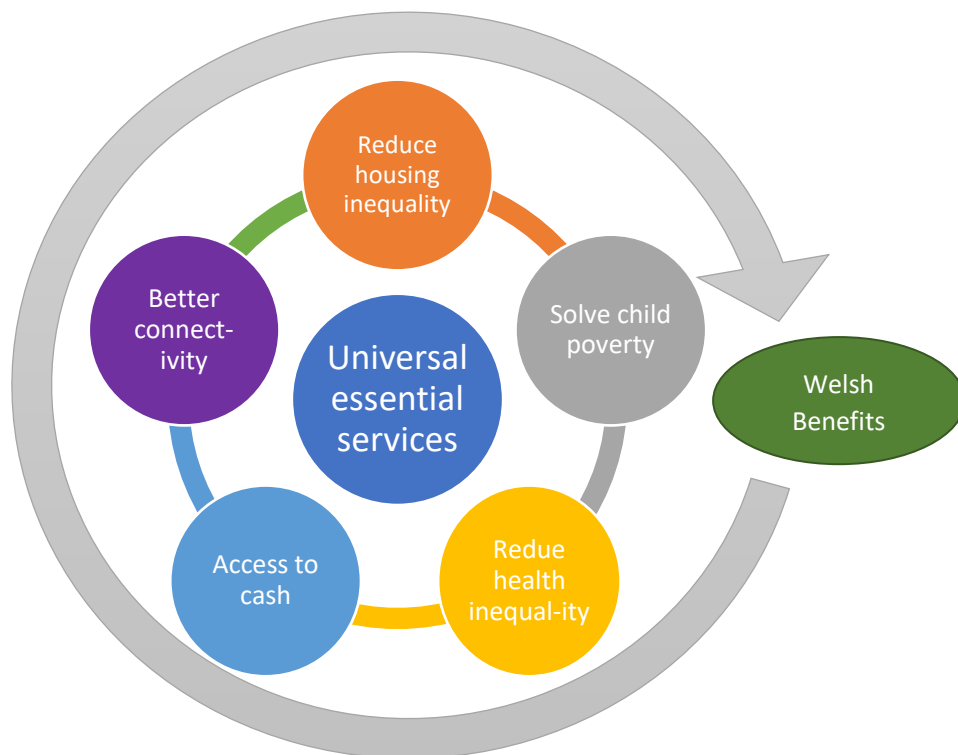
The main source of income replacement for people on low incomes or with no income is the UK social security system, about which there are many concerns. It is complemented by a range of devolved, mostly means-tested schemes that provide cash or in-kind assistance to people below an income threshold. These operate alongside the UK social security system and provide an essential complement to it – they are not a replacement.

¹ Article 25, UN Human Rights Convention <https://www.un.org/en/universal-declaration-human-rights/>

We propose that these schemes should be radically overhauled to create a Welsh Benefits System.

This new system would offer cash or in-kind services that reach the people who need them, are easy to access, are efficiently and consistently administered and, crucially, improve people's lives by lifting them out of poverty. The key features of our proposed Welsh Benefits System are:

- It focuses on households on low incomes, defined as being eligible for Universal Credit, and uses the same criterion across all schemes.
- It provides cash or in-kind help that is sufficient to make a real difference to households' incomes or costs.
- It has a single point of access for several benefits, using online, phone or postal methods.
- It is based on eligibility for and an entitlement to assistance, not discretion.
- Applicants are treated with dignity and respect.



The rest of this paper sets out our proposals for tackling some of the most pernicious inequalities in Wales, through a combination of Universal essential services and a Welsh Benefits System.

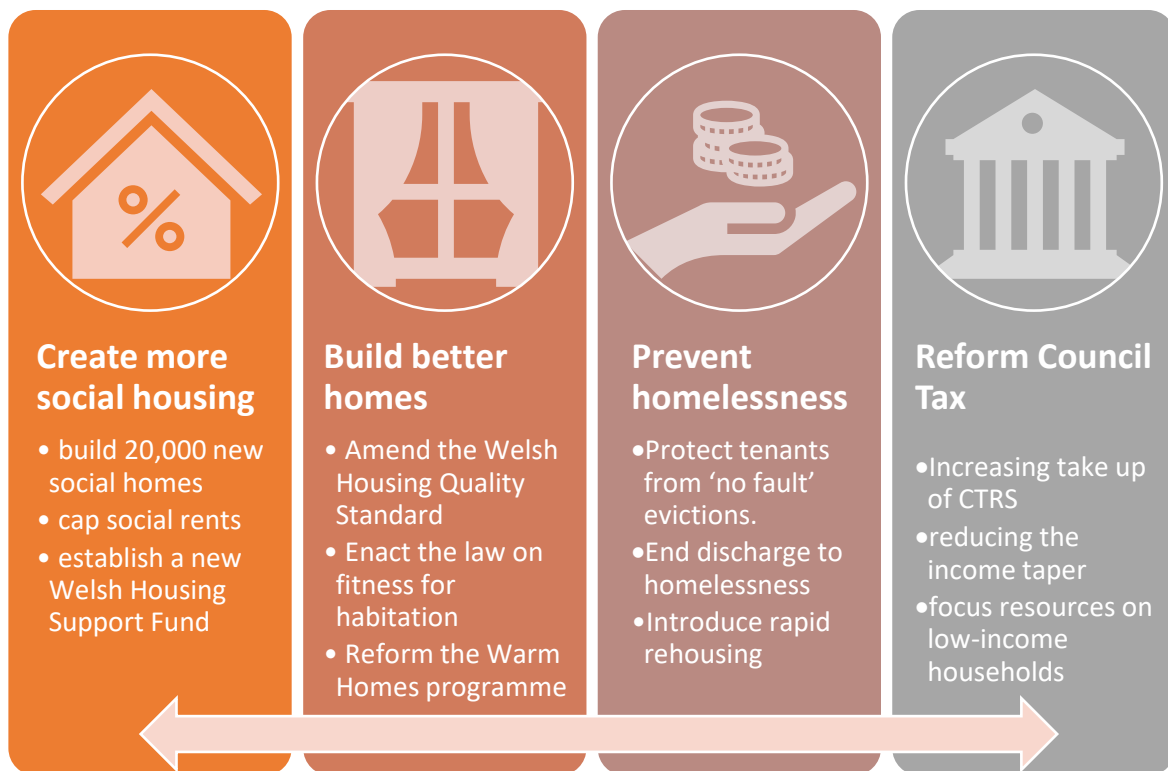
2. Solving housing poverty and inequality

A decent, affordable home should be available for everyone, yet the shortage of housing and rising costs put it out of reach for many. The people at greatest risk of poor housing are those on low incomes, women, people of Black, Asian and Minority Ethnic background and disabled people.²

The pandemic showed that the Welsh Government can take radical action, such as the provision of emergency accommodation and the suspension of evictions for rent arrears.

That bold action must continue for the next five years, so that Wales' housing is transformed by 2026. Our ambition is that everyone should have a decent home and that nobody should be pushed into poverty by their rent or be denied social housing because they are too poor.

We propose four essential actions to improve housing for people on low incomes and reduce housing inequalities:



² Bevan Foundation (2017) **State of Wales briefing: Housing**. At: <https://www.bevanfoundation.org/members-only/state-wales-briefing-housing/>

Creating more social housing

There are not enough houses of the right type and standard to meet the human right of a decent home for everyone. It is estimated that approximately 7,400 new homes are required to meet future needs.³

About 16 per cent of homes in Wales are for social rent, providing good quality accommodation for people on low incomes. However, social housing can sometimes be unaffordable: for example the rent on a two-bedroom socially-rented home has increased by 42 per cent since 2010/11, whereas gross weekly earnings are up by just 20 per cent over the same period.⁴

As well as help with the costs of rent from the main social security system, additional support is provided by Discretionary Housing Payments. However the budget is insufficient and assistance is highly variable across Wales. We have proposed that DHPs should be reformed to offer adequate help to people who need it.⁵

Looking ahead, the Welsh Government should ensure it delivers an ambitious housing target, aiming to provide a decent home for people on social housing waiting lists and in temporary accommodation as well as meeting forecast future housing need. It should also aim to provide a meaningful alternative to the private rented sector.

The Welsh Government should aim to:

- **Build enough homes:** create 20,000 new homes for social rent over its five year term (4,000 homes a year).
- **Ensure social rents are affordable by:**
 - capping social rent increases at Consumer Price Index inflation so that rents do not outpace wages or benefits;
 - restructuring housing finance so that existing tenants do not bear the cost of new homes and that additional management costs are met.
- **Provide additional help with housing costs** by creating a new Housing Support Fund, as part of a Welsh Benefits System. This would involve:
 - devolving the existing Discretionary Housing Payments powers and budget from the Department for Work and Pensions;
 - topping up the former Discretionary Housing Payments budget to ensure it is sufficient to meet demand throughout the year;
 - applying consistent criteria and processing standards for the new fund across Wales.

³ Welsh Government (2020) **Estimates of Additional Housing Need in Wales** (2019-based). At: https://gov.wales/sites/default/files/statistics-and-research/2020-08/estimates-of-additional-housing-need-in-wales-2019-based_0.pdf

⁴ Calculated from StatsWales Average weekly rents in stock at social rent by dwelling type, number of bedrooms and provider type and Annual Survey of Hours and Earnings 2019.

⁵ Bevan Foundation (2020) Solving poverty: reforming help with housing costs. Available at: <https://www.bevanfoundation.org/publications/solving-poverty-reforming-help-with-housing-costs/>

Building better homes

Nearly one in five homes in Wales has a hazard that could harm the person living there, including excessive cold.⁶ People at greatest risk of living in a substandard home include those on low incomes and in Black, Asian and Minority Ethnic households.⁷

Hazards are found in all tenures but are highest in the private rented sector. There are also hazards in social housing, with 15,000 social homes not meeting the Welsh Housing Quality Standard.⁸ Even homes that do meet the standard can be let to tenants without basics such as flooring or a cooker, causing real hardship and discomfort to new tenants.⁹

The Welsh Government must ensure that homes are up to a good standard by:

- **Amending the Welsh Housing Quality Standard** for social housing:
 - to include provision of household essentials, including flooring, window coverings and essential white goods;
 - increasing energy efficiency of new and existing homes to an A-rating where possible;
 - ensuring 100% of socially-rented homes meet the standard.
- **Enacting the provisions of the Renting Homes Act 2016** in respect of fitness for habitation.
- **Improving the energy-efficiency** of owner-occupied and privately-rented homes by reforming the Warm Homes programme:
 - doubling the budget of the Warm Homes programme;
 - increasing eligibility to include all households in receipt of Universal Credit;
 - raising awareness of help available.
- **Seeking devolution of Winter Fuel Allowance** powers and budget, to target support on people with high heating costs.

Preventing homelessness

Each night, around 5,200 households across Wales are homeless, and round 12,000 people a year need help to secure accommodation because of the threat of homelessness.¹⁰ The Homelessness Action Group's comprehensive recommendations aim to end homelessness through a mix of prevention and crisis response.

We endorse the group's recommendations and in particular urge the Welsh Government to:

- Enact the 2016 Renting Homes Act's provisions to extend the grounds and notice periods for 'no fault' evictions.

⁶ Nicol S, Garrett H, Woodfine L, Watkins G, Woodham A. (2019). The full cost of poor housing in Wales, Building Research Establishment Ltd, Public Health Wales. Available at: <https://phw.nhs.wales/news/the-cost-of-poor-housing-in-wales/the-full-cost-of-poor-housing-in-wales/>

⁷ Bevan Foundation (2017) **State of Wales briefing: Housing**. At: <https://www.bevanfoundation.org/members-only/state-wales-briefing-housing/>

⁸ StatsWales, **Compliance with the overall Welsh Housing Quality Standard by provider and measure**

⁹ Bevan Foundation (2020) **Solving poverty: reforming help with housing costs**. Available at: <https://www.bevanfoundation.org/publications/solving-poverty-reforming-help-with-housing-costs/>

¹⁰ Homeless Action Group (2019) **Preventing rough sleeping in Wales and reducing it in the short term** <https://gov.wales/homelessness-action-group-report-october-2019>

- End evictions or discharges to homelessness from social housing and from public institutions such as hospitals or care homes.
- Introduce rapid rehousing as the norm for people who become homeless.

Reforming council tax

Council Tax is a major additional cost for households that is levied according to historic property values rather than household incomes. Changes in local government finance mean that Council Taxes have increased significantly in recent years. We estimate that Council Tax typically adds 33 – 50 per cent of rent to a household's housing costs.¹¹

Help with costs is available from the Council Tax Reduction Scheme for people on low incomes and from the Council Tax Discount Scheme for single-person households. Take-up of the Council Tax Reduction Scheme (CTRS) is substantially below expected levels and is decreasing as households receiving Universal Credit are not 'passported' to the CTRS. This leaves families in real hardship and sometimes in arrears.

In the short-term the Welsh Government should reform the Council Tax Reduction Scheme by:

- **Increasing take up of CTRS:** by ensuring that UC claimants are passported to the scheme.
- **Reforming the Council Tax Reduction Scheme and bringing it into the Welsh Benefits System** by:
 - reducing the income taper so that low-income households receive more help from the scheme;
 - refocusing resources on low-income households rather than on low-occupancy houses.

In the longer-term, the Welsh Government should work towards replacing this inefficient and regressive tax by 2025 with a local tax system that:

- reflects up-to-date values;
- is proportional to home value;
- closes loopholes for second homes;
- applies to land as well as property.

Impact of our proposals

Our proposals for housing could, together, provide a decent, affordable home for a large number of households across Wales. They would also help to reduce poverty by cutting housing costs for more people and by improving housing quality. They would reduce inequalities associated with gender, ethnicity and other characteristics in housing by replacing discretionary help with statutory entitlements and providing more tenure choice. And by standardising and streamlining housing help schemes into a consistent and coherent system, people will get the support they need.

¹¹ Average rent of a 2-bed socially-rented home is £90.91 a week. Average Band D council tax is £32.05 a week. In Blaenau Gwent the figures are £80.53 a week rent and £38.63 council tax.

The number of people that some of these proposals would reach are substantial – for example around a quarter of a million households would benefit from our proposed reforms to the Council Tax Reduction Scheme and from caps on rent increases.

Other proposals would reach a much smaller number of people, for example those to reduce homelessness would reach around 12,000 people a year but would solve some of the major social problems facing Wales today.

Our proposals would result in savings, both in the short-term by streamlining administration, reducing hardship and arrears, and by reducing costs associated with homelessness. In the longer-term, providing people with a secure and decent home will help to reduce the significant costs of poverty and inequality to the public purse.

Table 1 Impact of our proposals to solve housing inequalities

Action	Impact
Build 20,000 homes for social rent by 2026	Over five years, 40,000 people who urgently need a socially-rented home ¹² are able to have one.
Cap increases in social rents to the Consumer Price Index.	More than 250,000 households living in socially-rented homes have affordable annual rent increases.
Create a Housing Support Fund.	At least 23,000 households who receive DHPs access consistent and adequate help, and fewer households are refused payment.
Extend Welsh Housing Quality Standard to include flooring, window-coverings and white goods for new tenancies	More than 3,500 people housed from homelessness and approx. 13,000 new social tenancies have the basics needed to live in a new home, reducing the need for high-cost credit or applications to the Discretionary Assistance Fund.
Ensure 100% compliance with current WHQS	15,000 households who live in socially-rented homes that are below current WHQS benefit from improvements in their house conditions.
Enact the provisions of the Renting Homes Act 2016 in respect of fitness for habitation	The most dangerous hazards are removed from the quarter of all privately-rented homes estimated to have Category 1 hazards.
Double Warm Homes budget and raise eligibility threshold	The number of households benefiting from improved energy efficiency doubles to at least 8,000 homes a year, with a warmer home and lower heating costs.
Reduce homelessness through fewer evictions and rapid rehousing	The number of people threatened with homelessness and experiencing homelessness falls.
Reform Council Tax Reduction Scheme and passport UC claimants to receive it	Increasing the take-up rate to 80% mean 40,000 more households get help. 166,000 households who currently receive CTRS are better able to pay their Council Tax as they move to Universal Credit.

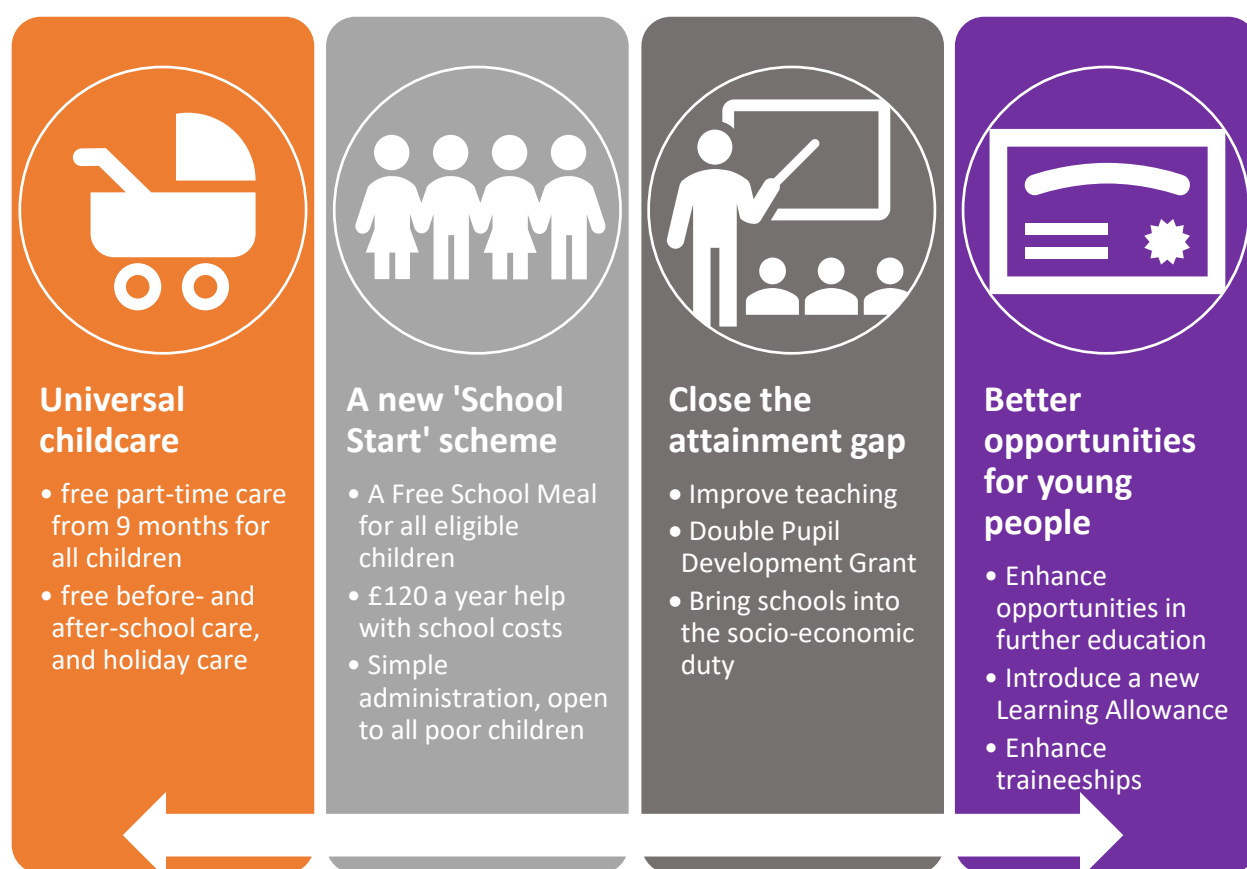
¹² Assuming 2.0 people per home

3. Reducing child poverty and inequality

Inequalities in family income, ethnicity, gender and disability shape children's lives from birth through their early years and schooling, and into young adulthood. It is not right that a child's development and prospects are limited in this way. Children's lives have been further blighted by the Coronavirus outbreak, losing five months of education, emotional and social development.

The Welsh Government demonstrated that it could take rapid action on some issues in the pandemic, but it must go further to ensure that children can thrive and flourish.

Our four-step action plan to reduce child poverty and narrow educational inequalities would make a real difference.



Universal childcare

Good quality care for all children is fundamental to their development. The current childcare offer helps many families but there are significant gaps in provision for children under 3, for parents who do not work or work less than 16 hours a week and for parents who work irregular hours.¹³ There is also limited provision of wrap-around and holiday care for school-aged children, with schools being able to decide themselves if they want to offer services.

¹³ Bevan Foundation (2019) Trapped: poverty amongst women today. Chwarae Teg. <https://www.bevanfoundation.org/publications/trapped-poverty-amongst-women-in-wales-today/>

Low-income families, especially women, are less likely to meet the requirements of the current childcare offer and cannot afford to pay for provision outside the scheme. BAME families are also less likely to meet the requirements because of their lower employment rates, while provision for disabled children is also difficult to find.

We propose that the Welsh Government should introduce a new childcare offer, based on seamless provision for children of all ages. We propose this new childcare offer should comprise:

- **Free, part time childcare and early years education:**
 - 16 hours a week free care, with additional hours available on a sliding scale of fees;
 - available from age 9 months to school age for 48 weeks a year;
 - available for all children irrespective of the work status of parents.
- **Free, before-school, after-school and part-time holiday care:**
 - available from school age to 14 years, for 48 weeks a year;
 - with additional hours available on a sliding scale of fees;
 - available for all children, irrespective of work status or the deprivation of their school or the area they live in;
 - available in all schools, with no school being able to opt-out, with sufficient places for all children who want one.

Reducing costs at school

The costs of attending school can be high for low-income households, which need to find the cost of a school uniform, provide a mid-day meal and snacks, and pay for equipment. School uniforms are usually compulsory in secondary schools and are often the norm in primary schools, at an average cost of over £200 per child. A daily meal can cost £11.50 a week per child. Some help is already provided via Free School Meals and the Pupil Development Grant – Access but the threshold for eligibility is low, the application process is cumbersome, take-up is patchy and the value often inadequate.¹⁴

The Welsh Government showed that it can take radical action when provided Free School Meals over the summer holidays and enabled cash to be paid in lieu when schools were closed.

We propose that the Welsh Government should introduce a new scheme, **School Start**, as part of the Welsh Benefits System. This would bring together, into a single administrative framework, help with the costs of school meals, school uniforms and Healthy Start Vouchers. This would involve:

- **increasing eligibility** so that any child whose family receives Universal Credit should receive a free school meal and help with uniform costs;
- **increasing eligibility** so that children from families with no recourse to public funds should receive a free meal and help with uniform costs;
- **increasing the value** of a meal allowance so that it is enough for secondary school pupils to purchase a filling meal and drink;
- **capping the cost** of compulsory school uniform and equipment at £120 per child;

¹⁴ Bevan Foundation (2020) **Lifting children out of poverty**. At: <https://www.bevanfoundation.org/publications/children-out-of-poverty/>

- **providing £120 a year** per child towards uniform costs at the start of every school year.

In addition, schools should be brought within the scope of the Equality Act 2010's duty to have regard to socio-economic disadvantage, including when determining the school uniform policy and its enforcement.

Close the attainment gap

There are striking inequalities in the educational achievements of children from low income families, children with additional learning needs, and those from some Black and Minority Ethnic groups compared with their peers.¹⁵ The gaps are clear at all ages but widen as children get older: by age 16 children receiving Free School Meals are only half as likely to achieve five or more 'good' GCSEs than children who do not get free meals. The coronavirus outbreak is deepening those inequalities.

Closing the gaps in achievement will be challenging, but that should not prevent the Welsh Government putting educational equality at the heart of its ambitions for children. The Pupil Development Grant is a useful recognition that additional resources are needed. However, with a value of just £1,150 per pupil receiving Free School Meals the potential to transform the learning and attainment of children from low income families is limited. Doubling the financial allocation per pupil would enable more action to be taken.

Many schools are not aware of the difficulties faced by families on low incomes, or attribute families' struggles to personal choices or lifestyles. The Welsh Government should increase schools' understanding of child poverty and ensure that children from poorer homes are not disadvantaged.

The Welsh Government should build on the growing evidence on what works to reduce educational inequalities. This includes:

- **Boosting the quality of teaching** in schools with lower attainment levels by:
 - Supporting teachers' knowledge of their subject and how students learn it.
 - Raising the quality of instruction, including proven learning strategies.
- **Increasing resources** allocated to schools and students with lower attainment, by doubling the Pupil Development Grant and ensuring schools make the most effective use of it.
- **Bringing schools within scope** of the Equality Act 2010's duty to have regard to socio-economic disadvantage, including educational outcomes.
- **Ensuring children** from low income families can afford to benefit from opportunities e.g. school trips, music lessons.
- **Providing essential equipment** for learners, including access to laptops, books and stationery.

Opportunities for young people without 5 'good' GCSEs

At the end of compulsory schooling, just over half of school pupils attain the equivalent of five GCSEs at grades A*-C including English or Welsh and Maths, but only a quarter of

¹⁵ Welsh Government (2020) **Academic Achievement by pupil characteristics, 2019**. At <https://gov.wales/academic-achievement-pupil-characteristics>

children eligible for Free School Meals do so.¹⁶ Attainment for boys, looked-after children, disabled children and looked-after children is also below that of their peers.

Attainment at age 16 dramatically shapes young people's options. Fewer than four out of ten year 11 pupils go on to study A levels at school, with half going on to study in further education.¹⁷

Once in further education, the range of subject options and modes of learning is relatively limited, with the emphasis on full-time vocational subjects in mainly low-paid sectors such as childcare, hair and beauty and administration.¹⁸ There are few opportunities to resit GCSEs other than in English / Welsh or Maths, and there can often be gaps in progression to higher levels.

Young people who remain in school or further education face a significant income penalty. Educational Maintenance Allowance provides £30 a week for low income learners but the eligibility threshold and value of EMA have not increased since the mid-2000s. Learners attending further education colleges also lose Free School Meals and help with home-to-school transport costs, while those remaining in schools lose help with uniform costs. We found the low value and thresholds for EMA caused some learners to go without essential equipment and food, or to drop out of education altogether.¹⁹

One in ten school-leavers opts out of full-time education altogether.²⁰ Even before the outbreak, unemployment amongst young people stood at approximately 10 per cent, and it is rising rapidly. Youth unemployment has a lifetime negative effect on prospects and health.²¹ Each year more than 6,000 young people take up traineeships, although we found that the range of options was limited and the quality of placements was variable. There were also significant issues with the allowance of £30 a week in the engagement phase and £50 a week for Levels 1 and 2. Not only is the value insufficient for young people to live on but they raise issues of parity with employees during work placements.²²

The Welsh Government must ensure equality of opportunity for all of Wales' young people, providing not only a range of good quality learning options but which also give young learners enough to live on. It should:

- **Enhance further education provision by:**
 - providing free GCSE re-sits in a range of subjects including sciences and languages;
 - offering a wider choice of vocational options and modes of learning (e.g. part-time provision);

¹⁶ Welsh Government (2020) **Academic Achievement by pupil characteristics, 2019**. At <https://gov.wales/academic-achievement-pupil-characteristics>

¹⁷ Careers Wales Pupil Destinations, 2019 <http://destinations.careerswales.com/2019/year11.html>

¹⁸ Bevan Foundation (2018) **I want to be something: better opportunities for young people**. At: <https://www.bevanfoundation.org/publications/want-something-better-opportunities-young-people/>

¹⁹ Bevan Foundation (2020) **Learning a living: better support for post-16 learners**. Available at: <https://www.bevanfoundation.org/publications/learning-a-living-better-support-for-post-16-learners/>

²⁰ Careers Wales Pupil Destinations, 2019 <http://destinations.careerswales.com/2019/year11.html>

²¹ Bevan Foundation (2018) **I want to be something: better opportunities for young people**. At: <https://www.bevanfoundation.org/publications/want-something-better-opportunities-young-people/>

²² Ibid.

- requiring further education colleges to demonstrate that they provide clear learning pathways into specific vocational areas, without gaps, including routes into higher paid roles.
- **Establish a new Learning Allowance** to replace Educational Maintenance Allowance. This allowance should be part of the Welsh Benefits System and should:
 - offer £45 a week, rising annually by at least the CPI rate of inflation;
 - be based on household eligibility for Universal Credit;
 - provide additional allowances for meals, transport and uniform costs;
 - include a grant for essential equipment (e.g. for laptops, tools).
- **Improve traineeships by:**
 - increasing the range of vocational areas available for trainees;
 - improving the quality of provision, including ensuring that trainees continue to learn;
 - raising the Trainee Allowance to £45 a week for the Engagement and Level 1 phases (and thereafter by CPI inflation);
 - matching the apprentice rate of pay of £4.15 per hour for the Level 2 phase.
- **Support learners' welfare through:**
 - offering a job, training or learning guarantee to all 16-18 year olds – no young person should find themselves not in education, employment or training;
 - providing enhanced mental health support in colleges of further education and work-based learning.

Impact of our proposals

Our proposals would have both an immediate benefit on the wellbeing of children and young people, and would significantly improve their long-term prospects too.

Shifting resources to ensure that young children from low-income families benefit from childcare, increasing support in schools for learners from low income families. and expanding the range of opportunities in further education and providing an income for the poorest young people to learn would be transformative.

Table 2 Impact of our proposals to solve child poverty and inequalities

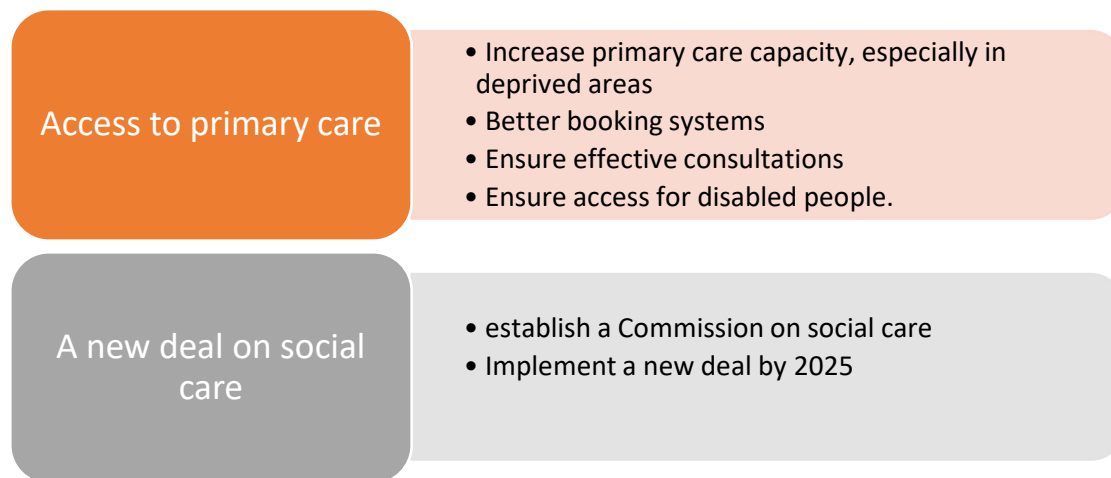
Action	Impact
16 hours a week free childcare for all children aged 9 months to school age	65,000 1- and 2-year-olds will benefit from free, good quality care. In addition substantial numbers of 3- and 4-year olds who are not eligible for care in the current offer will benefit.
Free before and after school care for 5-13 year-olds	Over 300,000 5-13 year olds will have the option of breakfast and after school provision.
Free school holiday learning, play and care	Over 300,000 5-13 year olds will have the option of holiday care, learning and play.

Introduce School Start, bringing together Free School Meals and Pupil Development Grant – Access into a single scheme for children in households in receipt of Universal Credit	25% of children who do not claim FSMs will have a better diet. 55,000 children in poverty who are not currently eligible for a FSM will get a least one healthy meal a day.
Cap the cost of compulsory school uniforms at £120 per child	All families will have lower costs to equip their child for school.
Provide £120 towards school uniform costs at the start of every school year	Children from low-income families will have a uniform that fits at the start of every school year.
Close the attainment gap	Halving the attainment gap would mean 1,300 more children receiving Free School Meals would achieve 5 'good' GCSEs including English / Welsh and Maths
Doubling Pupil Development Grant	66,000 children in receipt of Free School Meals would receive additional support in school, increasing attainment and life chances.
Require schools to have regard to socio-economic outcomes	More than 66,000 children from low income households would have the same opportunities and outcomes as other children.
Enhance range of vocational options and modes of learning in Further Education	14,000 pupils leaving year 11 without qualifications to study A level will have a wider choice of academic and vocational options. Increased part-time provision would attract more adult learners.
Introduce a new Learning Allowance at a higher value with additional provision for meals, transport and uniforms.	Young learners from low-income families will be able to afford to continue their education. Learners will have essential equipment needed to study, such as laptops and data.
Enhance the range and quality of traineeships, with an increased allowance.	6,000 trainees a year would have better opportunities and more money to live on.
Guarantee a job, training or learning opportunity for all 16-18 year olds.	Young learners who are not in education, employment or training would be guaranteed a good quality opportunity.

4. Reducing inequalities in health and social care

There are deep inequalities in health and access to care, which mean that someone living in the most deprived areas of Wales is much more likely to experience cancer, cardiovascular disease and respiratory conditions than others, and typically dies approximately nine years earlier than someone from the least deprived areas. Although the determinants of good health – housing, work, income, diet and exercise – are much broader than the NHS and social care services, having good services in place remains vitally important.

The pandemic demonstrated how much the public value the NHS and health workers, and also showed that radical changes in health care can be made, from rapid increases in capacity in some specialties to moving care online. It is time to make the best of these changes permanent.



Better access to primary care

Primary care should be at the centre of Wales' approach to good health. It manages a wide range of conditions and is the gateway to specialist services. Everyone who needs care must be able to access it in ways that meet varying personal needs.

Access to primary care is typically worse in more deprived areas compared with less deprived areas. The recent emphasis in public policy has been on speed of access, yet continuity of care is associated with better health outcomes, including reduced mortality and increased independence for older people. The health benefits are especially important for people with long-term conditions such as diabetes and hypertension. These conditions are more prevalent in deprived areas, so enhancing access to and continuity of care in these communities can help to reduce health inequalities.

The importance of primary care and the need for a step-change in provision are increasing recognized in Welsh public policy. However progress has been relatively slow, and for many patients their experience is one of practice closures or mergers and long waits to access services.

Based on our research,²³ the Welsh Government should:

²³ Bevan Foundation (2019) **Access to GP services by older people**. At: <https://www.bevanfoundation.org/publications/access-to-gp-services-by-older-people/>

- **Increase primary care capacity** by:
 - allocating real terms funding increases to primary care;
 - increasing provision in deprived areas as well as ensuring it is adequate in relatively prosperous areas.

- **Improve access to primary care** by:
 - encouraging GP practices to prioritise continuity of care;
 - improving appointment booking systems and requiring GP practices to offer online, telephone and personal booking;
 - enabling people with sensory, communication, language and other needs to book an appointment by the method of their choice.

- **Ensure effective primary care consultations** by:
 - addressing patient concerns about telephone triage;
 - offering variable length consultations that can include more than one health condition;
 - evaluating the risks and benefits of virtual consultations before they are rolled out further.

- **Respect and support disabled people** by:
 - ensuring that all primary care settings are accessible for people with mobility and sensory impairments;
 - requiring GP practices to comply fully with their duties under the Equality Act 2010;
 - ensuring practice staff treat disabled people with dignity and respect.

A new deal on social care

Inequalities in social care are barely recognised. Yet there is evidence that children living in more deprived areas are more likely to be taken into care than those in less deprived areas, and that local authority expenditure, of which social care is a major part, has been squeezed most in authorities with the largest number of deprived areas. Demand for care forecast to rise, especially for people with complex needs.

Despite some reforms, concerns remain about the costs of formal care both to individuals and to the public purse, geographical inconsistencies across Wales, the fragmentation of provision between different types of market and non-market provision, the pay and turnover of care workers, and the support provided to informal carers. The coronavirus outbreak amplified strains in the care system, which continues to struggle.

The need for reform is urgent. There have been numerous proposals for change, few of which have been implemented. Nobody can foresee the need for social care at any point in their lives, and the costs of care should be shared collectively at least in part.

The Welsh Government should:

- **establish a Commission on Social Care** which:
 - engages with the general public and service users;
 - identifies and addresses inequalities in social care;
 - develops clear, costed recommendations for change by autumn 2022.

- **implement changes** in quality, cost and remuneration of the social care workforce by 2025;
- **ensure adequate support** for informal carers.

Impact of our proposals

There is much more to do reduce inequalities in health, with many of the changes being outside the health and social care services themselves. Our proposals focus on two crucial elements in the health and social care system – access to primary care and reform of social care. These changes would have a direct and measurable impact on people on low incomes. They would ensure everyone receives the right care or treatment, from the right person, at the right time.

Table 3 Impact of our proposals to reduce inequalities in health and social care

Action	Impact
Increase the capacity of primary care in deprived areas	Increasing the capacity of primary care will improve provision and access especially in deprived areas.
Encourage continuity of care	46% of Wales' population have a long-term health condition and would benefit from continuity of care.
Improve appointment booking systems	The 43% of adults who report it fairly or very difficult to make an appointment will decrease.
Address inequalities faced by disabled people in accessing primary care	Disabled people receive good care and are treated with dignity and respect
Establish a Commission on Social Care to transform provision by 2025	People can access good quality social care when they need it, irrespective of their means, characteristics or where they live.

5. Reducing financial hardship

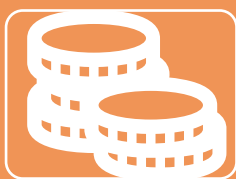
With one in four people living in poverty, lack of cash is a real challenge for many. A substantial minority cannot afford to save £10 a month and one in ten regularly struggle to pay their bills. Increasing numbers of people are turning to food banks, clothing banks and emergency funding to get by.

Lockdown worsened the precarity of many households' finances. At the start of the outbreak, more than a quarter of Welsh households did not have enough savings to cover their regular income for just one month. With benefit claimants doubling and less than half of furloughed workers receiving full pay, it is not surprising that debt and arrears have increased and requests for emergency government help have soared.



Create a Welsh Emergency Fund

- Basic cash help in emergencies
- In kind help with essential household items.



Ease financial pressures

- Enable accept cash and flexible payments
- Allow payment breaks
- No penalty for cash



Reduce credit and debt

- Improve teaching
- Double Pupil Development Grant
- Bring schools into the socio-economic duty

Emergency funding

The Welsh Government's Discretionary Assistance Fund provides cash and in-kind help in emergencies. Funding has been increased during the pandemic, and between 18th March and 3rd September, more than 66,000 emergency payments related to Covid-19 were made, with a total value of £4.1 million.²⁴ However the fund is not well known, is focused on relatively limited circumstances and it is discretionary not an entitlement.

With the numbers of people in severe hardship expected to increase, the Welsh Government should reform the fund to ensure it supports more people with a wider range of urgent needs.

²⁴ Welsh Government (2020) **Summary data about the Coronavirus and response to it**, 8th September. <https://gov.wales/summary-data-about-coronavirus-covid-19-and-response-it-8-september-2020>

The Welsh Government should reform the Discretionary Assistance Fund by:

- **Creating a new Welsh Emergency Fund** to replace the Discretionary Assistance Fund which would:
 - **Provide cash help** e.g. £50 per week per adult for a maximum period e.g. 6 weeks when a household's income falls unexpectedly to substantially below Universal Credit levels, and the household has insufficient savings. This might be because of:
 - the 5 week wait for a new Universal Credit claim;
 - a benefit sanction or decision which is being appealed;
 - a benefit error;
 - unpaid wages;
 - bereavement;
 - maternity;
 - other emergency circumstances.
 - **Provide in-kind help** with replacing essential household goods lost through flood, fire, theft or other unexpected circumstances. Current responsibility for providing white goods and floor coverings for new tenants should be transferred to landlords as part of the Welsh Housing Quality Standard and landlord licensing.

Reduce debt to public bodies

Many public bodies and quasi-public bodies impose fees and charges, ranging from the costs of home to school transport and school meals for children, to rent and council tax. Increasing numbers of providers ask for payment in advance and / or payment by card or direct debit, creating real hardship for people managing on low incomes.

Where people have an obligation to pay, providers should accept payments in multiple ways (e.g. cash) and at different frequencies (e.g. weekly), with all payment methods costing the same. Short-term deferrals of payments (or payment holidays) should also be available without penalty to help households to manage their finances.

The Welsh Government should require all publicly funded bodies to:

- accept cash payments for essential services;
- accept weekly payments and to offer interest-free payment 'holidays' for essential services;
- to offer these arrangements on the same terms as all others.

Credit and debt

Most people borrow at some time in their lives – it is only problematic when repayments are too onerous. Although people on low incomes have lower borrowings, they are much more likely to struggle with debt than others because of a lack of savings, a greater risk of sudden loss of income and refusal of affordable credit.²⁵ The practices of some creditors can make matters worse, for example some social landlords prevent people from accepting a tenancy if they have historic rent arrears.

²⁵ Winckler, V. (2014) Overview of indebtedness, low income and financial exclusion. Public Policy Institute Wales <http://ppi.wales.gov.uk/files/2014/01/Indebtedness-in-Wales1.pdf>

The Welsh Government is committed to financial inclusion, but further action is needed to address the root causes that lie in low pay, repayment arrangements and high costs. Prevention and early intervention by creditors together with clear pathways of support for people in difficulty are all proven to reduce debt and the harm it can cause. A trusted relationship with advisors and creditors is also important.

The Welsh Government should:

- **legislate** to require Welsh public bodies to:
 - ensure taxes, fees and charges are affordable and can be paid flexibly;
 - ensure debts to public bodies are free of interest and late payment fees;
 - incentivise repayment of debt e.g. matching repayments;
 - provide early-stage support and access to financial advice.
- **prevent** publicly-funded bodies from refusing services because of statute-barred debts e.g. rent arrears or requiring unaffordable deposits or payments in advance;
- **ensure** good quality financial advice is available in all parts of Wales.

Impact of our proposals

The coronavirus outbreak has exposed the vulnerability of a large number of people to sudden falls in their income. Our proposals would put an onus on public bodies to make budgeting easier for people on low incomes. They would also provide emergency help, in cash or kind, as an entitlement when circumstances leave people without funds.

Table 4 Impact of our proposals

Action	Impact
Create a new Welsh Emergency Fund	People will be entitled to emergency cash help in the event of becoming unemployed, bereavement, benefit error etc.
Provide in-kind help	People who have lost essential items through flood, fire or theft etc can receive replacement goods so they can resettle at home.
Public bodies accept cash and weekly payments, and offer payment deferrals.	The one third of people who sometimes or often struggle to pay bills will have flexibility in how to pay and the one in seven workers paid weekly or fortnightly will find it easier to pay charges and bills.
Require Welsh public bodies to prevent over-indebtedness.	The number of people in debt will fall.
Prevent publicly-funded bodies from refusing services because of statute-barred debts e.g. rent arrears	People will be able to change their lives and will not be penalised for past debts, when their circumstances may have been very different.
Ensure good quality financial advice is available in all parts of Wales.	People can get trusted and reliable advice at an early stage.

6. Better connectivity for all

Going to work, getting essential goods and services and keeping in touch with others all require some form of connections with the wider world. Increasingly connections are by digital means, but physical access remains important for many activities.



Better public transport

- create a core network
- standard fare



Better connectivity

- Guest wifi
- low cost data & devices

Public transport

The ability to travel between places is important for meeting basic needs, getting to work or education and keeping in touch with friends and family. Not all places are suitable for walking or cycling, not least because of the distances involved, and public transport is increasingly patchy especially outside towns and cities. People on low incomes, young people and those who are retired, and disabled people are much more likely than others to rely on public transport, and in particular buses, to get around, yet disadvantaged communities often have the worst public transport connections.

The current concessionary fares schemes mean that the Welsh Government contributes to the travel costs of growing numbers of people, without regulating the provision of bus services themselves. There therefore continue to be gaps in provision, particularly in the early mornings and evenings, and in access to industrial estates and business parks.

To improve accessibility, the Welsh Government should:

- guarantee the provision of a network of core bus services, connecting communities with town centres and key facilities e.g. hospitals;
- introduce a standard fare for everyone, irrespective of age (e.g. 50p for short journeys and £1 for longer trips).

Digital connectivity

Information and communications technology (ICT) is increasingly recognised as one of life's essentials. It underpins access to many vital services as well as enabling social

contact. Yet people on low incomes are less likely than others to have the equipment, data, skills and confidence to use ICT and benefit from it.

The pandemic accelerated the shift to digital as learning, healthcare and shopping all moved online, leaving people without a reasonable connection, adequate devices or the skills to use them cut off.

The Welsh Government should continue to invest in building digital skills and abilities of people of all ages. In addition, they should address issues of access to equipment and data. They could do this by:

- providing guest wifi in all public buildings, including council offices, colleges, libraries, sports centres and care settings;
- facilitating community settings to offer free wifi and device recharging points;
- offering low-cost devices and data plans via credit unions, social landlords and similar bodies.

Impact of our proposals

Our proposals will improve the ability of people on low incomes to connect with work, education and essential services as well as to keep in touch with friends and family using digital and physical methods.

Table 6 **Impact of our proposals**

Action	Impact
Guarantee the provision of a network of core bus services	People without private transport or who are unable to walk or cycle have a core public transport service.
Introduce a standard fare of 50p for short journeys and £1 for longer trips.	Everyone has access to affordable buses, irrespective of age.
Establish a low-cost device and data plan.	Everyone has access to digital goods and services.

7. Cost and delivery

Our proposals, taken together, will improve the quality of life of hundreds of thousands of people in Wales and will help to reduce social and economic inequalities of all kinds.

We recognise that our proposals involve additional public expenditure, at a time when public finances are very uncertain. However, achieving measurable reductions in poverty and inequality are an investment that is worth making not only for people who are in poverty but for the wider economy and society.

Poverty and inequality already cost the public purse dear. We estimate that approximately 20% of devolved expenditure is spent on dealing with poverty and its consequences, for example on health and social care, housing and education. Reducing poverty would reduce the burden on public spending in the long term – our proposals are therefore an investment that would have long term financial benefits.

Our proposals are also affordable, with many involving a refocusing of existing expenditure rather than whole new costs. For example the Welsh Government already spends very substantial sums (over £2 billion) on a range of schemes that it argues tackle poverty. However some of this expenditure is not specifically targeted on people on low incomes: for example concessionary bus travel for over-60-year-olds costs £60 million, while free childcare for 3-4 year-olds with working parents costs £40 million. There is potential to refocus some of this expenditure on the least well-off, achieving real reductions in poverty in so doing.

Many of our proposals stimulate the economy and create jobs, for example in the construction or refurbishment of social housing and the provision of childcare and holiday care, and increase opportunities such as by increasing mobility and young people's skills and qualifications. In doing so they will also increase revenues, for example paying devolved taxes, and reduce costs such as need for means-tested schemes, such as Free School Meals.

Effective delivery of our proposals is crucial. We have seen too many good intentions undermined by lack of scale, bureaucracy and inconsistency. We do not envisage the Welsh Government directly delivering everything we propose – we see a strong role for local authorities, social enterprises, co-operatives and the voluntary sector. Instead the role of the Welsh Government is to set a vision and standards, to enable and facilitate through funding, guidance and support, and to regulate and monitor compliance.

People must be at the centre of delivery of all universal services and the Welsh Benefits System, including people on low incomes. They must have a say in how schemes are designed, and there must be adequate arrangements for complaint, appeal and redress if matters go wrong. Just as no business would launch a new product without market research and consumer testing, so should no government programme be introduced without understanding the circumstances of target users and adequate pilots.