

A snapshot of poverty in Winter 2021

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FOUNDATION

December 2021



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.

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Acknowledgements

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

info@bevanfoundation.org

www.bevanfoundation.org

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1. Introduction and Summary

The past 19 months have presented unprecedented challenges for families all over Wales. The Bevan Foundation's *Snapshot of Poverty* series has demonstrated that not everyone has been affected equally by the pandemic and the cost-of-living crisis. Our surveys from December 2020¹ and May 2021² showed that low-income households, renters, disabled people, lone parents, and adults aged between 25 and 64 have all been more likely to cut back on essentials or to fall into debt than other groups.

With the end of the £20 uplift to Universal Credit and living costs on the rise we commissioned YouGov to undertake a new survey to see how Welsh households are coping this winter. The findings indicate a deteriorating situation with more households struggling to make ends meet than when the last survey was undertaken in the summer.

1.1 Key findings

Nearly four in ten Welsh households (39 per cent) do not have enough money to buy anything beyond everyday items. This is a deterioration from the position in May when the figure stood at 33 per cent. This means that the total number of households struggling to cover the cost of everyday essentials has increased from approximately 110,000 in May to 165,000 in November.³ The increase is equivalent to the total number of households in Gwynedd.

Our latest data suggests that the situation could even deteriorate further. The key findings are set out below:

- **Incomes are still falling but not for everyone** - More than three in ten households with a net income of less than £40,000 have seen their income drop since May 2021. For households with a net income of more than £40,000 more than one in five have seen their incomes increase.
- **Living costs are still rising** - Households across Wales have seen their living costs increase. More than half have seen the cost of food increase with more than six in ten seeing the cost of their utilities increase.
- **Living standards are being squeezed** - Thousands of households are having to cut back and ration their use of the essentials we all need to live with dignity. Low-income households, renters, disabled people, lone parents, and adults aged between 25 and 64 more likely to have had to cut back on everyday essentials than other groups.
- **The impact on children is getting greater.** More than one in five families with children have had to cut back on items for children including books, toys, nappies

¹ Bevan Foundation, *A snapshot of poverty in winter 2020* (December 2020) available at - <https://www.bevanfoundation.org/publications/poverty-in-winter-2020/>; and Bevan Foundation, *Differing experiences of poverty in Winter 2020* (February 2021) available at - <https://www.bevanfoundation.org/resources/differing-experiences-of-poverty/>

² Bevan Foundation, *A snapshot of poverty in spring 2021* (May 2021) available at - <https://www.bevanfoundation.org/resources/poverty-in-spring-2021/>

³ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2020 data

and clothing, whilst one in ten families with two children have had to cut back on food for children.

- **Personal debt is a major problem** - Since May 2021, 25 per cent of Welsh households have borrowed money whilst 12 per cent of Welsh households are at least one month behind on a bill. Low-income households, renters, disabled people, lone parents, and adults aged between 25 and 64 are more likely to be behind on a bill or to have borrowed money than others.
- **Many people are worried about losing their homes** – More than one in twenty households are worried about losing their home over the next three months. Six per cent of households have already been told that they will lose their home. This is equivalent to over 80,000 households forced to seek a new home.⁴
- **There is broad public support for taking action to support struggling households.** The majority of people in Wales support taking action that would ease the pressure felt by struggling households. This includes measures such as universal school meals, reforming Council Tax and building more social housing.

1.2 About this briefing

All figures quoted in this briefing unless otherwise stated are from YouGov Plc. The total sample size was 1,123 adults. Fieldwork was undertaken between 22nd and 25th November 2021. The survey was carried out online. The figures have been weighted (unless specified otherwise) and are representative of all Welsh adults (aged 16+).

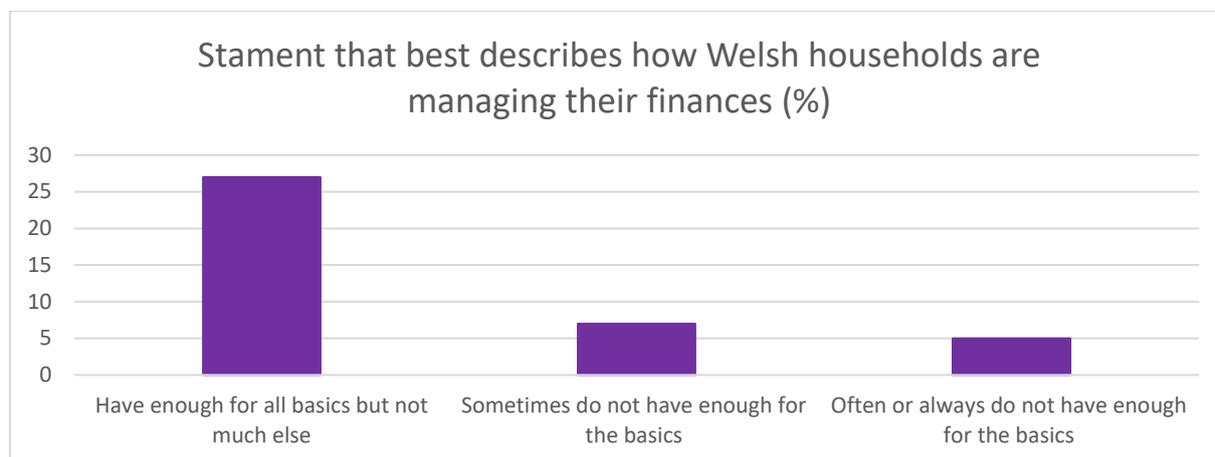
Short briefings are available on the impact of the pandemic on individual demographic groups. These briefings are available for free to Bevan Foundation supporters and subscribers on request.

⁴ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2020 data.

2. Living standards

2.1 Position in November 2021

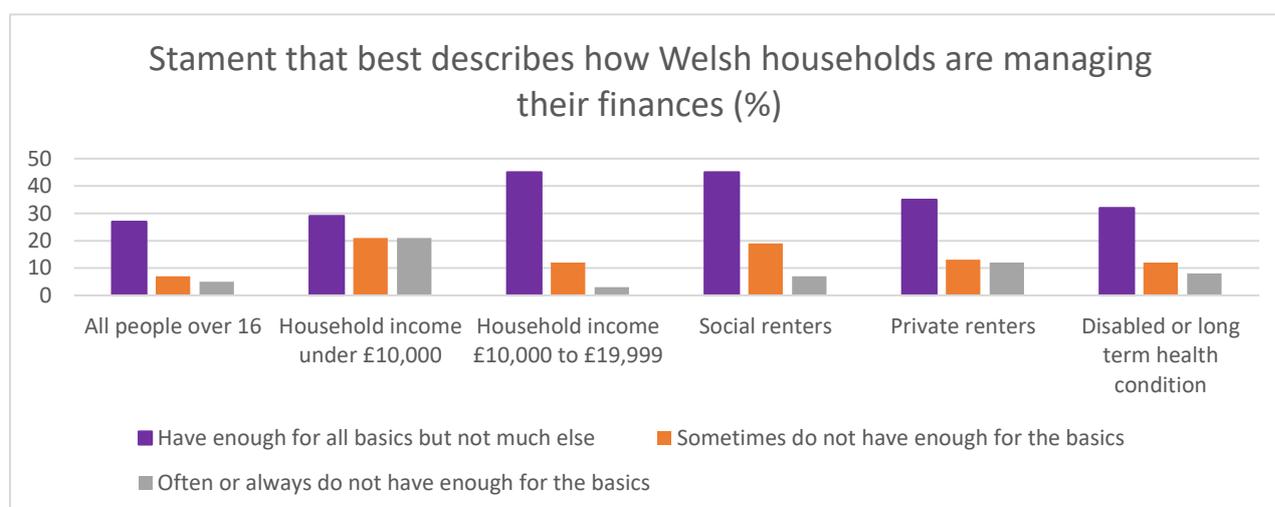
Nearly four in ten Welsh households (39 per cent) do not have enough money to buy anything beyond everyday items. This represents a deterioration from the position in May 2021 when one in three Welsh households (33 per cent) did not have enough money to buy anything beyond everyday items.



The total number of households struggling to cover the cost of everyday essentials has increased from approximately 110,000 in May to 165,000 in November.⁵ The increase is equivalent to the total number of households in Gwynedd, with the total number of households struggling to buy anything beyond everyday items now higher than the total number of households in Cardiff (156,000).

2.2 Different groups

It is perhaps not surprising that low-income households, disabled people and renters are among the groups that find it most difficult to find enough money to cover all their day-to-day needs.



⁵ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2020 data

The extent of the divide between the experiences of lower and higher income households highlights the clear link between household income and the ability to enjoy a decent standard of living. Whilst 71 per cent of households with an income of less than £10,000 find it difficult to afford anything beyond the basics the same is only true for 15 per cent of households with an income of over £50,000.

3. Incomes

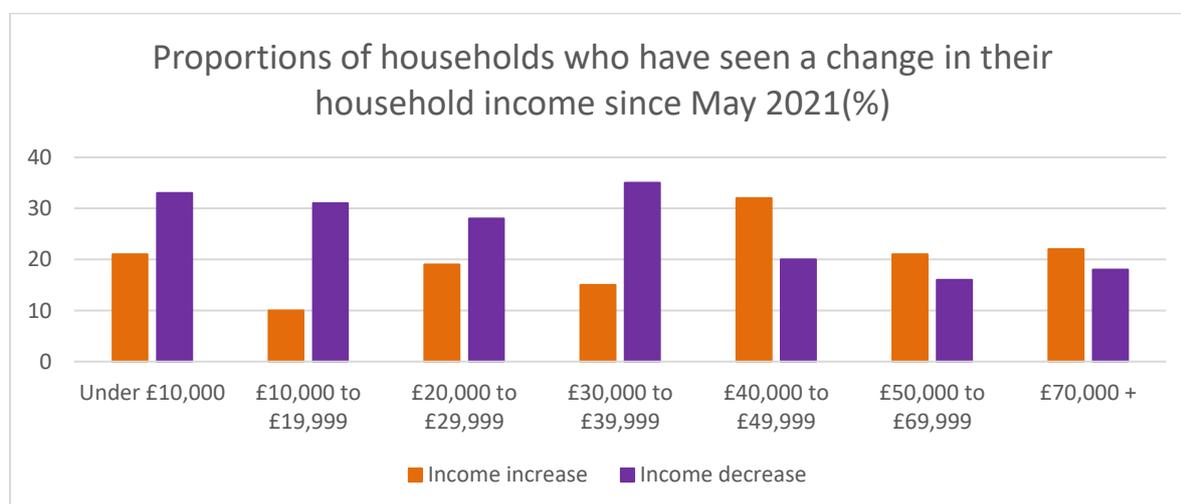
3.1 Position in November 2021

Between May and November 2021 more than a quarter (26 per cent) of households in Wales saw a reduction in their income, compared with only 17 per cent who saw their income increase.

Drawing direct comparisons with data we have collected in the previous two editions of our *Snapshot* series is made difficult given a slight change in the wording we used for the question in the latest poll. Our previous two polls asked respondents to reflect on the impact of the pandemic on their income. To reflect the possible impact of other factors on household income over recent months, such as the cut to Universal Credit we did not directly ask respondents about the pandemic. Despite this slight methodological change, it is clear that the trend that we have seen from the outset of the pandemic of more households reporting a reduction in their income than an increase is continuing.

3.2 Different groups

Stark differences are apparent between the experiences of low and high income households when it comes to a change in their household income since May 2021.



More than three in ten households with an income of less than £40,000 have seen a reduction in their income since May 2021. For households with an income of more than £40,000 however, more than one in five have seen their income increase.

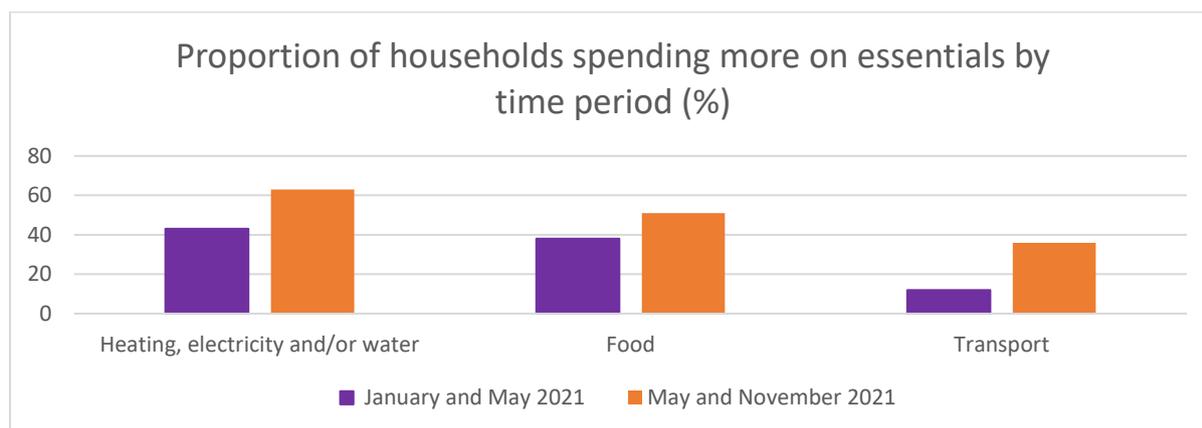
There is more than one reason why lower income households have been more likely to see a reduction in their income since May. The reduction in Universal Credit certainly does appear to have had an impact with 12 per cent of households that reported seeing a fall in their income stating that they had seen a reduction in the amount of support they receive through benefits, with the figure higher among the lowest income households.

There are other factors that are having an impact, however, including redundancy (17 per cent) and a reduction in work hours (16 per cent).

4. Living costs

4.1 The position in November 2021

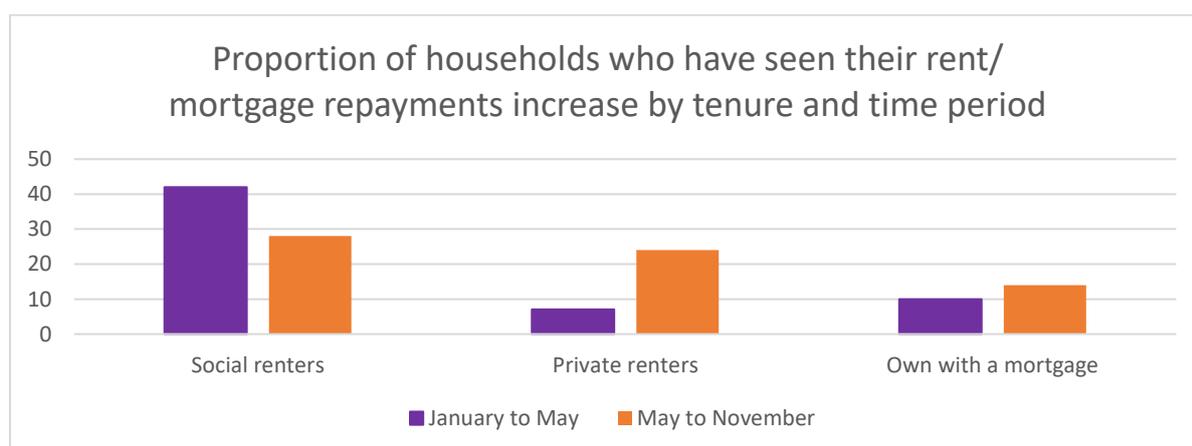
Living costs have increased dramatically since the publication of the Bevan Foundation's spring *Snapshot* report.⁶



These increases are on top of already significant increases in the cost of living that were reported in our December 2020 and May 2021 survey. This is likely to be a major factor as to why there are more households struggling to cover the costs of everyday items.

4.2 Different groups

The extent of the increases in living costs mean that they are now affecting households across Welsh society, meaning that broadly speaking there are no significant differences between the experiences of different groups. The one exception to this however is with regards to housing costs.



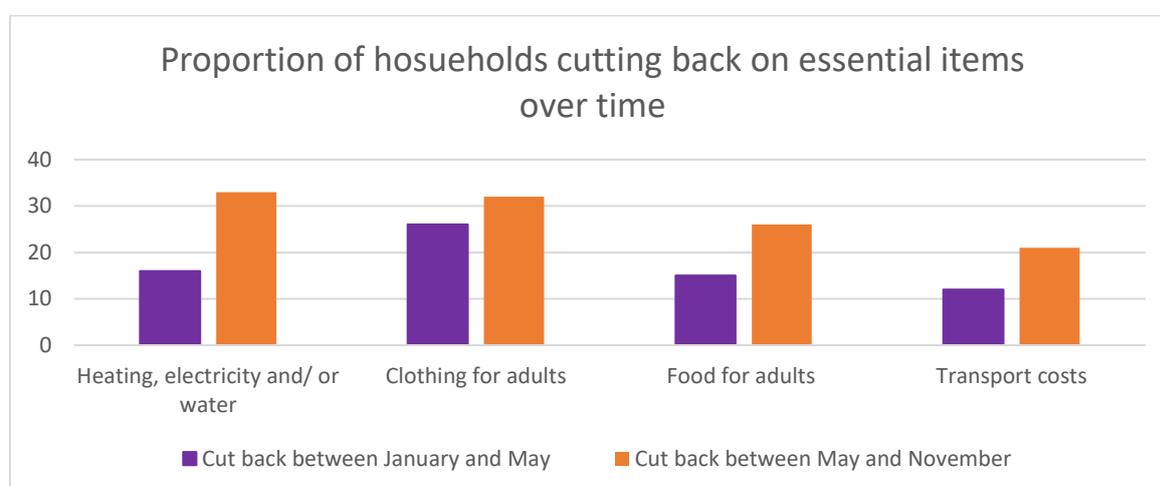
⁶ The CPI inflation rate has increased from 2.1 per cent in May 2021 to 4.2 per cent in October 2021; Office for National Statistics, *Consumer price inflation, UK: October 2021* (November 2021) available at - <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2021>

The latest data suggests that there has been a significant shift in rents within the PRS over the summer, lending support to other research that points to rapid increases in rental prices over recent months.⁷ Despite this, social renters continue to be the group most likely to have seen an increase in their rent.

5. Cutting back

5.1 Position in May 2021

The thousands of households in Wales who do not have enough money to cover their everyday needs are often faced with difficult decisions about cutting back on their use of the goods and services. The latest data highlights just how many households are forced to go without and points to a deteriorating situation.⁸



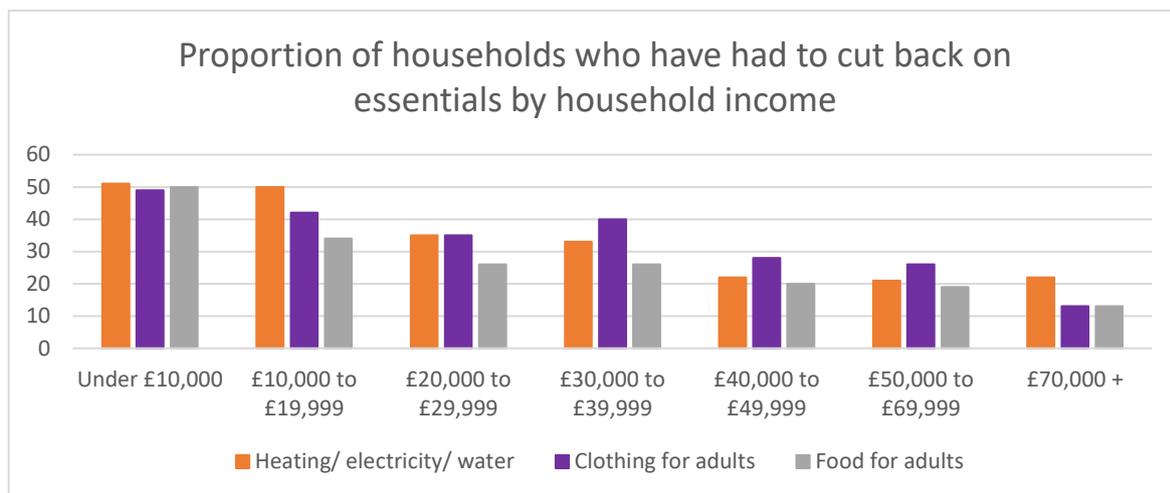
There is reason to be concerned that the situation could deteriorate even further. The latest data reflects people's position through the autumn into early winter. The fact that one in three households are already cutting back on their heating, electricity and/or water before we enter the coldest months, highlights the scale of the challenge.

5.2 Different groups

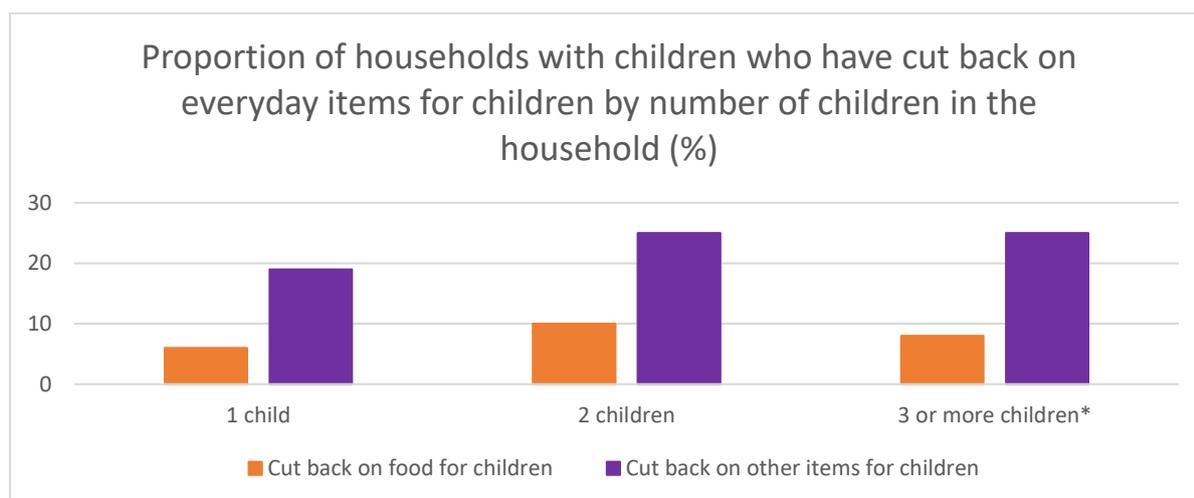
Given that low-income households, disabled people and renters are among the groups that find it most difficult to find enough money to cover the cost of day-to-day items, it is not surprising that they are among the groups that have been most likely to have to cut back over recent months. The impact of household income on people's experiences is especially stark.

⁷ Guardian, "UK rents 'rising at fastest pace in 13 years'" (16 November 2021) available at - <https://www.theguardian.com/money/2021/nov/16/uk-rents-rising-zoopla>

⁸ Caution needs to be taken when making direct comparisons between the May 2021 and November 2021 data due to the question being asked in a slightly different way. The May 2021 poll asked respondents to reflect on the impact of the pandemic. To reflect the possible impact of other factors on household we did not directly ask respondents about the pandemic.



A new pattern of concern that emerges from the most recent data is how many families are having to cut back on everyday items for their children. With more than one in five families having to cut back on items for children including books, toys, nappies and clothing, it is clear that this Christmas will be especially challenging for thousands of families.



*small sample size

Given the significant body of evidence that demonstrates the impact of poor nutrition in childhood on a child's long term health the fact that more than one in twenty households with one child and one in ten households with two children are having to cut back on food for children is especially concerning.

6. Debt

6.1 Position in November 2021

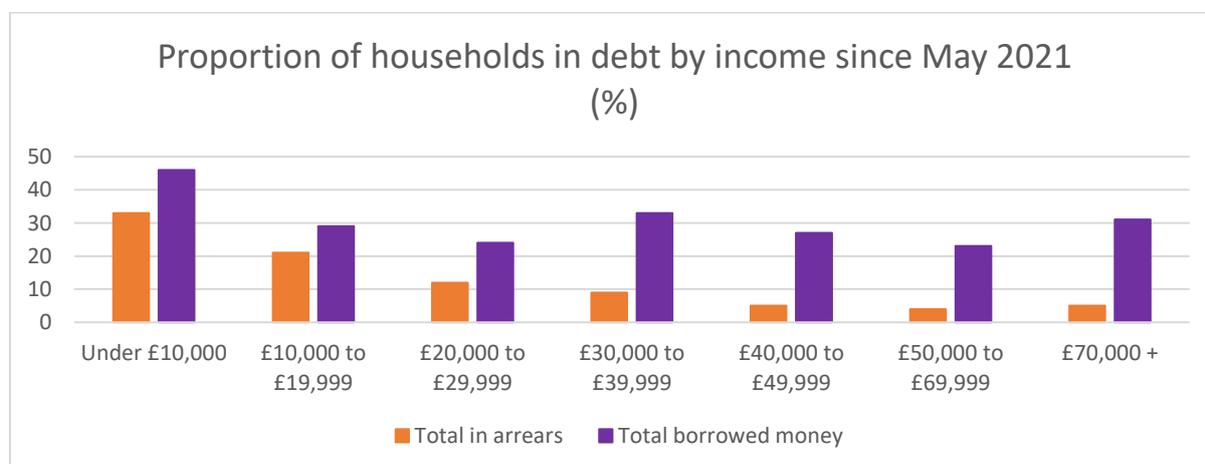
Households which are struggling to find enough money to cover their day-to-day needs can also be pushed into debt. The Bevan Foundation has recently undertaken extensive research exploring the impact of the pandemic on debt.⁹ The latest survey results demonstrate that it remains a significant problem for many households:

- Over 165,000 households (12 per cent) have been in arrears on a bill for more than a month.
- Over 340,000 households (25 per cent) have borrowed money since May 2021.

A slight methodological change in the question means that making comparisons between our most recent data to the data we gathered in the summer should be done cautiously.¹⁰ Even allowing for this however, the proportion of households that have borrowed money does seem to have increased between May and November compared to earlier in the year when only 17 per cent of Welsh households reported borrowing money. Credit card debt in particular appears to have increased with 11 per cent of households reporting that they had borrowed money on their credit card between May and November compared to 6 per cent in the period between January and May.

6.2 Different groups

As with cutting back low-income households, disabled people and renters are among the groups that have been most likely to be in debt in recent months.



There does seem to be an important difference between household's experiences when it comes to type of debt. Whilst the risk of falling into arrears on a bill is closely tied to household income, the same is not true for borrowing with a high proportion of higher income households also borrowing money.

⁹ Bevan Foundation, *Debt in the pandemic* (September 2021) available here - <https://www.bevanfoundation.org/resources/debt-in-the-pandemic/>

¹⁰ Caution needs to be taken when making direct comparisons between the May 2021 and November 2021 data due to the question being asked in a slightly different way. The May 2021 poll asked respondents to reflect on the impact of the pandemic. To reflect the possible impact of other factors on household we did not directly ask respondents about the pandemic

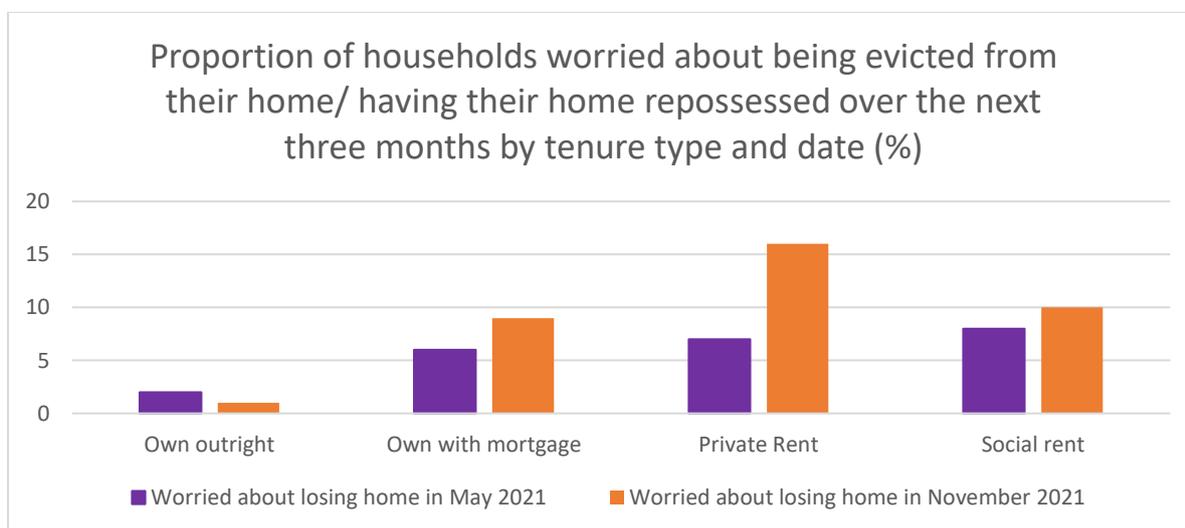
7. Housing

7.1 Position in November 2021

Housing security remains a serious challenge for thousands of households across Wales. In total, more than one in ten households are facing insecure housing. A shocking six per cent of households have already been told that they will lose their home, equivalent to 80,000 households who have already had to, or will have to find a new home.¹¹ The survey also revealed that seven per cent of households are concerned about losing their home by eviction or repossession over the next three months, although they have not yet been served notice.

7.2 Different groups

Whilst the headline figures on housing security remain largely unchanged from the position in May 2021, there has been a noticeable change in households' experiences when looking by tenure type.



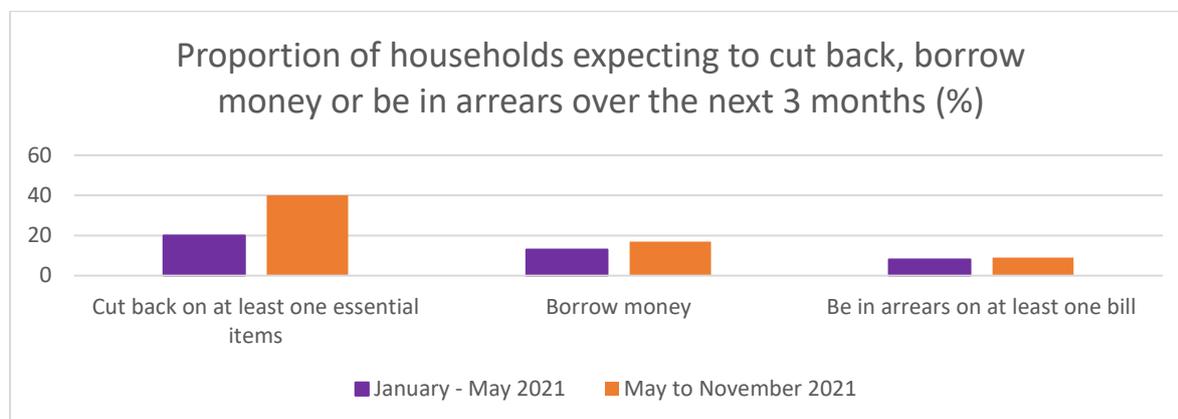
The proportion of private renters reporting that they are worried about the prospect of being evicted over the next three months has more than doubled since May 2021. The fact that the proportion of private renters who are worried about being evicted from their home has increased is in itself not surprising. The removal of temporary protections from evictions and rising rents have put pressure on tenants. The fact that the proportion has risen so significantly so that one in six private renters are worried about the prospect of being evicted over the next three months is extremely concerning, however, and is likely to be putting pressure not only on households themselves but on already stretched public services.

¹¹ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2020 data

8. Next three months

8.1 Position in November 2021

Households are significantly more pessimistic about their prospects over the next three months than they were when asked a similar question in May, especially when it comes to cutting back on everyday items.¹²

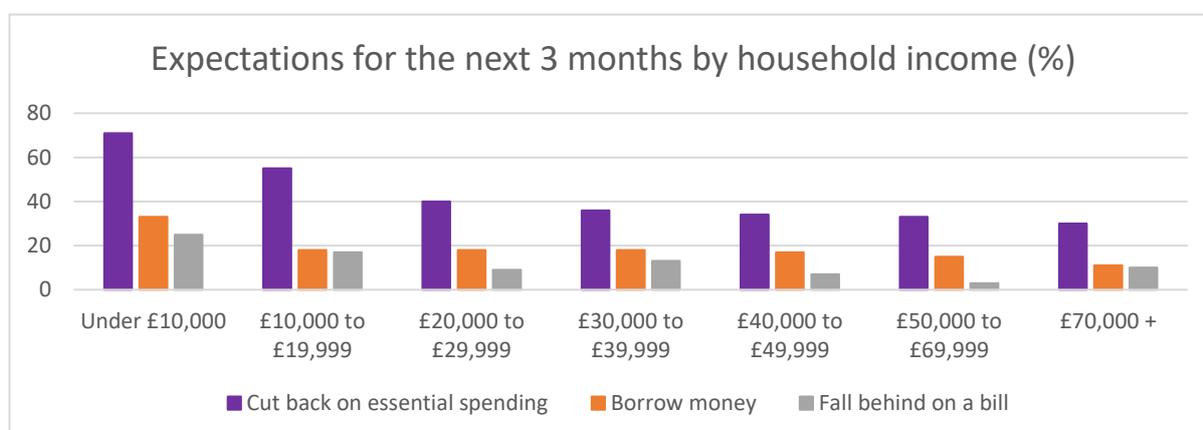


The position for households is made even more stark when looking at individual costs:

- 29 per cent expect to cut back on their heating electricity and/ or water over the next three months (compared with 11 per cent in May)
- 22 per cent expect to cut back on food for adults over the next three months (compared with 11 per cent in May)
- 22 per cent expect to cut back on clothing for adults over the next three months (compared with 12 per cent in May).

8.2 Different groups

Broadly speaking lower-income households are more likely to be concerned about having to cut back on everyday items or about falling into debt than higher income households. More than half of households with an income of less than £10,000 expect to cut back on food for adults over the next three months.



¹² Caution needs to be taken when making direct comparisons between the May 2021 and November 2021 data due to the question being asked in a slightly different way. The May 2021 poll asked respondents to reflect on the impact of the pandemic. To reflect the possible impact of other factors on household we did not directly ask respondents about the pandemic

Amongst the other groups that are especially concerned about their prospects across the next three months are:

- Disabled people or people with a long-term health condition – 54 per cent expect to cut back, 22 per cent expect to borrow money and 18 per cent expect to fall behind on a bill.
- Private renters – 57 per cent expect to cut back, 23 per cent expect to borrow money and 19 per cent expect to fall behind on a bill.
- Social renters 58 per cent expect to cut back, 35 per cent expect to borrow money and 27 per cent expect to fall behind on a bill.

9. Public support for action

Despite presenting a bleak picture our latest snapshot survey offers some room for optimism. Our latest survey shows that there is broad public support for the Welsh Government to take further action to support households struggling this winter.

Among the measures we found public support for were:

- Provide emergency money to all families struggling as a result of loss of income or a crisis (71 per cent in favour)
- Invest in schools to close the attainment gap between children (68 per cent in favour)
- Building more social housing (67 per cent in favour)
- Provide more funding for young people aged 16 – 18 who want to continue in education/ training (66 per cent in favour)
- Capping social rents (59 per cent in favour)
- The provision of additional help to support people with Council Tax (58 per cent in favour)
- Provide Free School Meals for every child (55 per cent in favour)
- Provide free part time childcare for all children from 9 months (50 per cent in favour)
- Replacing Council Tax with a local tax system (40 per cent in favour)

It is encouraging to see that the Welsh Government has already committed to take at least some action in relation to many of these measures. This latest data should therefore provide the Welsh Government with confidence that it is on the right tracks and that the public would support action to implement policies such as the provision of Free School Meals to all children in primary schools as quickly as possible.

The data does suggest that the public would support the Welsh Government if it took even greater action. For example, no reference was made to the Education Maintenance Allowance in either the Welsh Government's Programme for Government or in the Labour/ Plaid Cymru Co-operation Agreement. Given that the broad public support for action to support young learners, there is scope for the Welsh Government to revisit this policy to make it more generous in the near future.

10. Conclusion

The unequal impact of the pandemic and of the cost-of-living crisis has been long established.¹³ This briefing has highlighted, however, just how difficult life is for thousands of Welsh families this winter. With few indications that things are getting better, the need for action has never been greater. There are four key messages that emerge from this briefing.

10.1 Life is difficult for thousands of people across Wales and is getting tougher

Nearly four in ten Welsh households (39 per cent) do not have enough money to buy anything beyond everyday items. That's four in ten families who are denied access to a decent quality of life. There are now 165,000 households in Wales who are struggling to cover the cost of everyday essentials, higher than the number of households there are in Cardiff.¹⁴

This briefing has showed how the position has deteriorated significantly since May 2021. The increase in the number of households struggling to cover the cost of everyday essentials is equivalent to the total number of households in Gwynedd.¹⁵ With a quarter of households already forced to cut back on food for adults and a third forced to cut back on their heating, electricity and/or water many households, life is already difficult enough for many. But as we head deeper into the winter, things could yet get deteriorate further.

10.2 Incomes and costs

Falling incomes continue to be an issue in Wales. This is the third snapshot survey undertaken by YouGov on behalf of the Bevan Foundation over the past twelve months and each has found clear evidence that more households have seen their incomes decrease than has seen their incomes increase. This combined with the unequal distribution of income changes has exacerbated its impact on living standards.

A factor that may have had a more significant impact on living standards however has been rising living costs. More than half of Welsh households have seen the cost of food increase since May with more than six in ten seeing the cost of their utilities increase. These increases are on top of increases reported earlier in the year. For households that were already struggling to make ends meet, managing further increases in their living costs is proving a significant challenge.

10.3 Children are feeling the pain

The number of households with children who are reporting having to cut back on items relating to their children is a serious source of concern. With more than one in five families having to cut back on items for children including books, toys, nappies and clothing, it is clear that this Christmas will be especially challenging for thousands of families.

¹³ For example see the Bevan Foundation's previous Snapshot reports n(1) and n(2)

¹⁴ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2020 data

¹⁵ *ibid*

Perhaps of even more concern, however, is the number of families who are having to cut back on food for their children. More than one in twenty households with one child and one in ten households with two children are having to cut back on food for children. Given the significant body of evidence that demonstrates the impact of poor nutrition in childhood on a child's long-term health, educational attainment and wellbeing it is likely that the impact of the present economic crisis on children will be felt for years to come.

10.4 There is support for action

There is broad public support for taking action to support struggling households. This should provide Welsh Government with the confidence to accelerate some of its plans to support low income families over the coming years including the expansion of Free School Meals and Council Tax reform. Given the depth of the crisis facing many families this winter, we believe that there is an especially strong case to begin implementing the proposals to expand Free School Meals to all primary school children as soon as practically possible, starting by expanding existing eligibility criteria to ensure that those who are most in need benefit first.