

Consultation on the draft Child Poverty Strategy for Wales 2023

Response by the Bevan Foundation

1. Preamble

The Bevan Foundation is Wales' most influential think tank. We welcome the opportunity to comment on the Welsh Government's draft strategy and are also grateful for the opportunity to participate in its engagement exercise with children and their parents earlier in the year.

This response reflects the Bevan Foundation's in-depth expertise on poverty experienced by people of all ages and characteristics in Wales and is submitted as a positive and constructive contribution to the request for comment by Welsh Government.

The Bevan Foundation welcomes many of the Welsh Government's interventions to lift children and families out of poverty. Its offer of free school meals in the holidays, the various cost of living payments provided to low-income families, and the expansion of the Discretionary Assistance Fund have all given a direct and measurable boost to family incomes. This approach, as well as the delivery mechanisms it has developed, ought to provide the foundation of the Welsh Government's approach to child poverty going forward.

Similarly, we welcome its interventions to cut costs and expand and enhance public services that benefit children, such as baby bundles, universal free school meals for primary school children and the roll out of Flying Start. Although they are not targeted on low-income families, they will nevertheless mean that children in poverty benefit.

The requirement of the Children and Families (Wales) Measure 2010 - that the Welsh Government should 'prepare and publish a strategy for contributing to the eradication of child poverty in Wales' – is a vital legal duty. It is the only one in respect of any aspect of poverty and so it is essential that the strategy is clear, carefully targeted and based on robust evidence, deliverable and effective.

To meet this requirement to contribute the eradication of poverty, the Bevan Foundation strongly urges the Welsh Government to consider the following changes to its strategic approach.

Child poverty within a broader anti-poverty plan

Although the legislative requirement is in respect of child poverty, the distinction between child poverty and that of the wider population is not clear cut. By definition, children in poverty live in households, where every family member lacks enough money - Wales' 180,000 children in poverty live with 150,000 adults in poverty. The boundaries between being a household without children and one with children are very flexible – a low-income single person can become the low-income parent of a child in poverty in 9 months. Effectively reducing child poverty therefore means reducing poverty for people of all ages.

A long-term plan

As the only statutory anti-poverty strategy, we urge the Welsh Government to use it to set out a long-term approach. Reducing child poverty is not easy and will not happen in the next two to three years – a time horizon of ten years or even a generation is not only more realistic but also allows the

Welsh Government time to explore and implement the structural changes needed in the Welsh economy and society.

A long-term plan is all the more important given the outlook over to 2027. The Resolution Foundation forecasts that child poverty will increase to 2027/28, reaching its highest level since 1998/99.¹ For Wales, a return to 1996/97 - 1998/99 levels of poverty would mean a child poverty *increasing* to around 36% over the period of the draft strategy. If the current draft strategy is not to be doomed to fail, a longer time horizon is needed.

We understand the realities of the electoral cycle, which is all the more reason to set out a plan that straddles future periods.

Ambition

We urge the Welsh Government to be much more ambitious. The legislation clearly refers to *eradicating* child poverty - we urge the Welsh Government to set out what it means by 'eradicate' and to set a clear target by which it would be measured at the end of the strategy period. This should be complemented by clear, measurable interim targets at specified points.

We acknowledge that the Welsh Government does not hold all the levers it needs to reduce child poverty, and in particular that it does not determine the social security system. However, that must not be a reason for doing nothing.

The Welsh Government has powers that it has used and could use in the future to increase household incomes, whether through one-off or regular payments (as demonstrated with the payments in lieu of free school meals in the holidays or the Wales Fuel Support Scheme). Moreover, if it is unhappy with the design of the UK social security system then, in the short term, it should continue to make representations to the UK Government over elements such as the two-child limit, and in the longer-term it should consider how it can control more levers over household incomes.

Its definition of poverty recognises that lack of resources underpins the poverty of children as well as adults, and we urge the Welsh Government to step up its efforts to address the lack.

Targeting on greatest need

The likelihood of a child being in poverty varies considerably. In Wales the greatest risk of child poverty and largest numbers in poverty occur amongst:

- Families with children aged 0-4: 100,000 children and 37% poverty rate
- Families with three or more children: 80,000 children and 40% poverty rate
- Single parents: 50,000 children and 39% poverty rate.

There are other groups for which data is not available, but which are known to have very high risks of poverty namely:

- families with a disabled child
- families of Asian or Black ethnicities
- families of Gypsy Roma ethnicity
- families with no recourse to public funds.

¹ Living Standards Outlook 2023, <https://www.resolutionfoundation.org/publications/the-living-standards-outlook-2023/>

If the Welsh Government is to achieve a reduction in child poverty it needs to target its activities effectively on the specific circumstances of these groups.

Objectives and priorities

The Bevan Foundation agrees with the definition of poverty as ‘a long-term state of not having sufficient resources to afford food, reasonable living conditions or amenities or to participate in activities (such as access to attractive neighbourhoods and open spaces) which are taken for granted by others in their society’.

This definition emphasises the importance of families having ‘sufficient resources’ to afford a decent standard of living and participate in activities. Given the importance of resources, we strongly urge the Welsh Government to give a much higher priority to ‘increasing incomes’ and ‘cutting costs’ than it does at present.

We would also suggest that the Welsh Government should focus on fewer, high impact objectives. They should clearly derive from the definition and from what is known about the views of children, and we therefore recommend a focus on:

1. Increasing household incomes
2. Cutting household costs
3. Creating pathways and prospects
4. Ending stigma

The current ‘priorities’ that sit under each objective are not always logical and make the document hard to navigate.

Constraints

Last in this preamble, we recognise the unexpected constraints on the Welsh Government’s budget in 2023/24. While this limits what can be achieved in the current financial year, given the budget had already been allocated, this is not necessarily the case in future. The funding position may ease in future, particularly with the longer-term time horizon we have advocated, but if the strategy is to be more than a paper exercise then the issue is about priorities for public spending not the quantum available.

The rest of this response sets out our response to the questions asked in the consultation. We have only considered some of the questions asked.

2. Introduction

Q1. Do you agree that the introduction to the draft strategy is clear and accessible?

No

Do you have any comments on the introduction to the strategy?

Included in preamble above.

Objective 1 To reduce costs and maximise the incomes of families

Q2a. In considering the requirement under the Children’s and Families (Wales) Measure for the Welsh Government to set objectives for the contribution towards the eradication of child poverty, do you agree that Objective 1 should be an objective of the draft strategy?

Yes

Q2b. Is the information about what we have heard and what the Welsh Government doing in relation to Objective 1 clear and accessible?

No

Do you have any comments on content related to Objective 1?

In a market economy, families will always need an adequate level of income with which to pay for everyday essentials from food to housing to transport to toys. Household income is also an internationally recognised of measuring the level of and trends in poverty. If the Welsh Government wishes to reduce child poverty then it cannot do so without making very serious efforts to increase household income.

We therefore urge the Welsh Government to give top priority to raising family incomes, and recommend that this section be considerably extended and enhanced.

Q3. Do you agree that Priority 1 should be a priority for the draft strategy?

Yes

Do you have any comments on what we say we will do to take forward work under Priority 1?

Comments on existing recommendations

We welcome the commitment to increase the provision of advice etc on a face-to-face basis, to press ahead with the development of a Welsh Benefits system and to accelerate work to ensure education 'is a cost-neutral experience'. However, we feel that each of these interventions should be developed further as follows:

Provision of advice etc: action to provide advice to people to claim their financial entitlements is not enough alone - people need to be aware of their entitlements if they are to seek advice. We urge the Welsh Government to:

- Take targeted action to increase take up of the various benefits most likely to be underclaimed by families (notably Healthy Start, free school meals, Council Tax Reduction Scheme and help with energy, water and broadband costs).
- Ensure advice providers have the skills and capacity to deal with the likely volume of enquiries some of which are potentially complex. We are particularly concerned that advice providers are fully briefed on the entitlements of children and families with No Recourse to Public Funds as our forthcoming research shows that some are wrongly denied access to their rights and received inaccurate advice.

Welsh benefits system: A streamlined approach to accessing various devolved grants and allowances should help to increase take up and reduce the administrative burden on families. However, streamlined administration is not enough alone – we urge the Welsh Government to:

- ensure that the value of Welsh benefits are adequate for children's needs and that the value of benefits and eligibility thresholds keep pace with inflation. We particularly urge the Welsh Government to ensure that the thresholds for the following benefits relevant to children are regularly updated:
 - Free School Meals

- School Essentials Grant
- Education Maintenance Allowance.
- ensure access to devolved grants and allowances that are currently available to low-income children whose families have No Recourse to Public Funds is maintained.

Education is cost neutral: We agree that education should not be a financial burden for low-income families. However we note that many schools and colleges continue to expect families to make significant financial contributions whether in terms of uniforms, materials, enrolment and examination fees. We urge the Welsh Government to:

- Make clear what it means by a cost neutral education so parents are clear about what they should pay for and what is free.
- Set out how it will ensure compliance by schools and post-16 learning providers.
- Ensure 'cost neutrality' for children in poverty in secondary school by increasing the eligibility threshold for a free school meal.

Additional actions needed

Additional action is needed if the Welsh Government is to have an impact on household incomes and costs. First, the actions need to reach *all* children and in particular those in the most seriously-affected groups - for example cutting costs of school will not help 100,000 pre-school age children. Second, they need to address the circumstances of families whose incomes are insufficient for their needs despite receiving their full UK and Welsh benefit entitlement. And third, they need to chart a path towards higher family incomes in the longer term, through increasing parental employment.

We recommend the Welsh Government includes actions in the following areas:

Cutting the costs of housing: High housing costs are estimated to push around 30,000 children into poverty. Local Housing Allowance does not cover in full the rent of some 25,000 households with children, 2,065 single adults with children and 728 couples with children are affected by the benefit cap, while around 6,000 households with children are hit by the loss of the spare bedroom subsidy / bedroom tax. A shocking 3,348 children were living in temporary accommodation in May 2023 because their families were homeless.

The Welsh Government should commit to ending child homelessness as a matter of urgency. As part of delivering this, the Welsh Government should:

- Continue its calls to the UK Government for an adequate Local Housing Allowance.
- Ensure that the data that informs the level of LHA reflects current rents and local rental areas as accurately as possible.
- Encourage local authorities to prioritise families with children when allocating Discretionary Housing Payments / Discretionary Homelessness Prevention Funding to reduce the number of children in temporary accommodation.
- Accelerate the increase in the stock of social housing to provide affordable and adequate housing for children hit by high rents in the private rental sector,
- Ensure that social landlords manage the allocation of social housing to minimise the number of children affected by the loss of the spare bedroom subsidy.

Supporting parents into paid employment: the high rates of poverty amongst families with young children are closely linked with low rates of parental (especially maternal) employment during this time. While some parents chose not to work or are carers for a disabled child and so cannot do so,

the availability and costs of childcare, low pay and insecurity of many jobs and the complexity of combining work, childcare (especially for more than one child) and family responsibilities are significant disincentives to employment.

Interventions that build on the success of the PaCE project would help to increase the number of parents, and especially mothers, in work – **we urge the Welsh Government to include a commitment to develop a parental employment programme at a sufficient scale to make a measurable difference.**

Expanding the provision of childcare: lack of affordable childcare is a key barrier to parents entering and staying in work or entering further education and training. We welcome the extension of 12.5 hours of provision to two-year-olds. However, this offer is not designed to care for children while parents are working and is unlikely to boost household incomes by encouraging paid work unless it can be complemented by the availability of additional hours of care at an affordable rate. The Childcare Offer for 3-4 years does not always fit with the requirements of low-income families in terms of eligibility and hours of provision. For school age children, the lack of and cost of provision before and after school and in the holidays are also key barriers.

The Bevan Foundation has previously urged the Welsh Government to adapt the current Childcare Offer to provide part-time care from 9 months to statutory school age, at low cost for low-income families. We have also called for adequate provision for holiday and before and after-school care. Despite recent developments, provision is still a very long way from this ideal.

We recommend that the Welsh Government includes in its strategy a commitment to explore the expansion of affordable childcare to all low-income families, including 9 month – 2 year olds, irrespective of employment status.

Developing income supplements: As the strategy notes, the UK Social Security system plays a significant role in child poverty, both in terms of the adequacy of benefit payments overall and specific policies that affect children, notably the two-child limit and the benefit cap. We would also add to this the inadequacy of statutory maternity pay which provides just £172.48 a week for 33 weeks after the baby is 6 weeks old for women who do not have an occupational scheme.

Given the Welsh Government has identified the benefits system as a factor in child poverty, we recommend it seeks solutions by maintaining pressure on the UK Government for reform and by exploring the potential to use devolved powers to supplement family incomes.

We therefore recommend that the strategy includes a commitment to explore a Welsh ‘child payment’. Consideration of a payment should include different timings and frequency of payment, targeting at 0–4-year-olds, and possible payment values, as well as options for covering the cost. For example a £10 per week payment per child to 100,000 0-4 year olds in poverty would cost around £52 million. We recognise the constraints on the Welsh Government’s budget in the short-term, but in the longer term reducing child poverty would result in considerable savings to the public purse.

3. Objective 2: to create pathways out of poverty so that children and young people and their families have opportunities to realise their potential

Q4a. In considering the requirement under the Children’s and Families (Wales) Measure for the Welsh Government to set objectives for the contribution towards the eradication of child poverty, do you agree that Objective 2 should be an objective of the draft strategy?

Yes

Q4b. Is the information about what we have heard and what the Welsh Government doing in relation to Objective 2 clear and accessible?

No

Do you have any comments on content related to Objective 2?:

Yes. Creating pathways out of poverty for children is crucial.

The key to build a route out of poverty for children is to ensure that they have the skills and abilities they need to develop to their full potential, and that by age 16 they achieve the qualifications they need to progress in adulthood. The evidence shows that children from low-income families have lower levels of achievement from school entry through to the end of statutory education, with the gap between low income and higher income children widening during their schooling.

We note the interventions in education being taken by the Welsh Government described in the strategy. However, we urge the Welsh Government to give much more emphasis on interventions that increase the attainment of children of all ages from low-income families rather than the stated focus on 'all learners'.

Q5. Do you agree that Priority 2 should be a priority for the draft strategy?

No

Do you have any comments on what we say we will do under Priority 2?:

We recognise the importance of fair work and do not disagree with the proposals in the document. However, this priority should be included in Objective 1, as its main impact in the short and medium term is on parents' or carers' working lives, and in particular their incomes, and *not* on creating pathways out of poverty for children.

Instead, as we have recommended above, we urge the Welsh Government to include expanded and additional actions in respect of education.

This should include:

Enhancing early years support: We welcome the roll-out of Flying Start to children in all areas over the next two years and the inclusion of under-2s in the parenting, health visiting and speech, language and communications element. We understand the commitment to universal provision and that the priority up to 2025 will be implementing the roll-out. However, to close the gap in development between the poorest children and others, the Welsh Government needs to take further steps.

We urge the Welsh Government to commit to:

- Ensuring that extended Flying Start provision meets the needs of low-income disabled children and children from Black and Asian families.
- Providing enhanced support (and resources) for children from low-income families for example via an 'early years premium' similar to PDG.
- Exploring the feasibility of extending eligibility for Flying Start to include 1-year-olds from low-income families from 2025.

- Removing the sharp edges in its current childcare offer, in which the entitlement of a child whose parent(s) work fewer than 16 hours per week falls from 12.5 hours at the age of 2 to 10 hours of early years education at age 3 and 4. These children are more likely to be from low-income families and their learning should be enhanced not diminished.

Closing the attainment gap: We recognise the Welsh Government’s commitment to narrow the gap in attainment between low-income children and others and note its detailed programme for change in the education system. However progress is slow and schools alone cannot address the complex social and economic factors that contribute to the attainment gap.

To build pathways out of poverty, the Welsh Government should commit to:

- Closely monitor the impact of its curriculum and other reforms on the attainment of low-income learners and take corrective action if necessary.
- Expand after- and out-of-school activities (including youth work) that focus on increasing attainment, including developing confidence, strengthening literacy, numeracy and study skills, widening knowledge and experiences and increasing motivation and engagement in schooling.
- Developing a high-quality tutoring programme for low-income learners in need of additional support - which on average achieves five months’ progress.
- Ensuring that the specific needs of disabled children and children from Black, Asian and Gypsy Traveller families are met.

Pathways at post-16: As in other areas we welcome the Welsh Government’s actions to date and planned, including the increase in Education Maintenance Allowance, Youth Guarantee, Careers Advice, and recognition of the role of further education. However, we are concerned that some of this provision reinforces rather than overcomes the disadvantages experienced by low-income children, although there is little data. For example, of leavers from Jobs Growth Wales+ with a disability or of BAME ethnicity, barely half had a positive outcome.

We recommend the Welsh Government commits to:

- An annual uplift to the value of EMA and the income thresholds from 2025/26;
- Strengthening the contribution of the programmes within the Youth Guarantee to creating pathways out of poverty;
- Ensuring a core offer is available in all further education institutions, and that there are no ‘dead ends’, including:
 - Clear progression routes from school into college, including a choice of opportunities for learners with potential but few or lower grade GCSEs.
 - Clear progression routes through college.
 - Clear progression from college into higher education or employment.

4. Objectives 3, 4 and 5, and additional questions

It is very difficult to respond to the questions about these Objectives as they are so wide-ranging and it is not clear how the priorities will address the lack of resources which underpins child poverty. Other than recommending a clear focus on fewer objectives that will make a measurable difference, we have no observations to make.

September 2023