



Poverty

Around 700,000 (23%) of Welsh people live in households with an income below the relative poverty line (60% of the median UK household income). This is the second highest of the UK's 12 regions/nations (after London). As with the UK overall, the most likely age group to live in poverty are children (31%) and the least likely are pensioners (14%)¹.

Approximately 200,000 children live in poverty in Wales. As they grow up, they can expect fewer qualifications, lower-paid jobs, more illness and shorter lives than their richer classmates. Welsh churches and charities daily see the faces behind these numbers and believe that this constitutes a tragic waste of human potential.

Over the past decade the characteristics of poverty have changed

- Higher state pensions and benefits have reduced pensioner poverty – although if Welsh pensioners claimed an estimated £168 million of Pension Credits to which they are entitled, this would reduce poverty rates still further.

- There is a long-term trend towards in-work poverty. Almost two thirds of children in poverty and over half of working-age adults experiencing poverty are in working families.
- This is partly because Wales suffers from a lower wage economy than the rest of the UK. Many jobs are insecure or fail to offer regular hours of work. An increasing number of people work for a limited number of hours. This can be because they cannot find more work or because caring responsibilities or medical problems restrict their ability to work.
- These trends mean that working age poverty is increasingly focused on parents and younger adults.

Changes to tax, benefits and the Minimum Wage

The support offered to families by the benefit system has been reduced dramatically – both for those in and out of work. Since 2011 it is estimated that Welsh families have lost £900 million per year. Further reductions of the same order are planned over the next five years.

This has had serious impacts on Wales, where there are higher rates of disability and unemployment benefit claims than the UK average, as well as lower average wages. Families with children, especially single parents, have experienced the greatest losses in income.

Families in need of support have increasingly had to endure long spells without any income – caused by processing errors, benefit sanctions and increases in the waiting time between applying for a benefit and receiving first payment (by 2020 this will be at least six weeks). These people often need support from foodbanks and other charities.

Increasing Income Tax thresholds and planned increases to the Minimum Wage will only have a very small mitigating effect for low-income working families. However these policies will raise incomes of households in the upper half of the income spectrum more than those in the bottom half.

Welsh Government: Tackling Poverty Action Plan²

Tax and benefit policy largely resides in Westminster and this will set the landscape for poverty policy within Wales. While the Assembly does not directly support family incomes, it has many powers which can affect the lives of Wales' poorest citizens.

The Tackling Poverty Action Plan outlines the current Welsh anti-poverty strategy. Much of the work focuses on families living within 52 deprived areas – called 'Community First' areas. There are a number of programmes aimed at improving educational outcomes including pre-school and early years support. Other projects aim to assist young people move into work. Efforts are being made to help families' budgets by maintaining Council Tax Benefit in Wales, ensuring families' benefits are claimed, reducing fuel poverty by energy efficiency and dialogue with energy

providers, as well as promoting credit unions and debt advice.

There have been concerns that poorer families were not properly included when drawing up the plan and that some of the programmes have not been effective at delivering measurable outcomes such as helping people into work.

Questions for candidates

1. How should Wales respond to families left without enough to meet their basic needs due to benefit reductions?
2. Has Welsh policy got the right balance between supporting the needs of people in poverty now and investing in childcare, education and infrastructure?
3. How can the next Welsh Government halt the slide towards more insecure and low-paid employment?

References

- 1 Joseph Rowntree Foundation, *Monitoring Poverty and Social Exclusion in Wales 2015* http://npi.org.uk/files/5114/4181/3895/MPSE_Wales_Findings_2015_FINAL_3.pdf (viewed 13 January 2016)
- 2 Welsh Government, *Tackling Poverty Action Plan 2012-2016* <http://gov.wales/docs/dsjlg/publications/socialjustice/120625/tackpovplanen.pdf> (viewed 13 January 2016)

