

# 'Time for Change' - Poverty in Wales

Audit Wales

# The Auditor General for Wales



- The Auditor General for Wales is the statutory auditor of:
  - Welsh Government and its sponsored bodies.
  - Health service bodies in Wales.
  - Local government bodies in Wales.
- Studies are designed to focus on ‘**national issues**’ and:
  - highlight opportunities to improve value for money.
  - review the discharge of the functions and/or services of local government bodies in Wales.
  - report on the impact of the operation of any statutory provisions, or any directions or guidance given by the Senedd.
- Reports can make recommendations to Welsh Government, local authorities and other public bodies.

# Poverty is multidimensional, complex, growing and impacting more people in Wales



- Poverty occurs in all countries.
- Even the most developed places have pockets of poverty amid wealth.
- The causes of poverty can be structural based on the way society and the economy is framed and works.
- Poverty is more than the absence of money. It's the lack of power associated with not having resources.
- Poverty is therefore **multi-dimensional**.

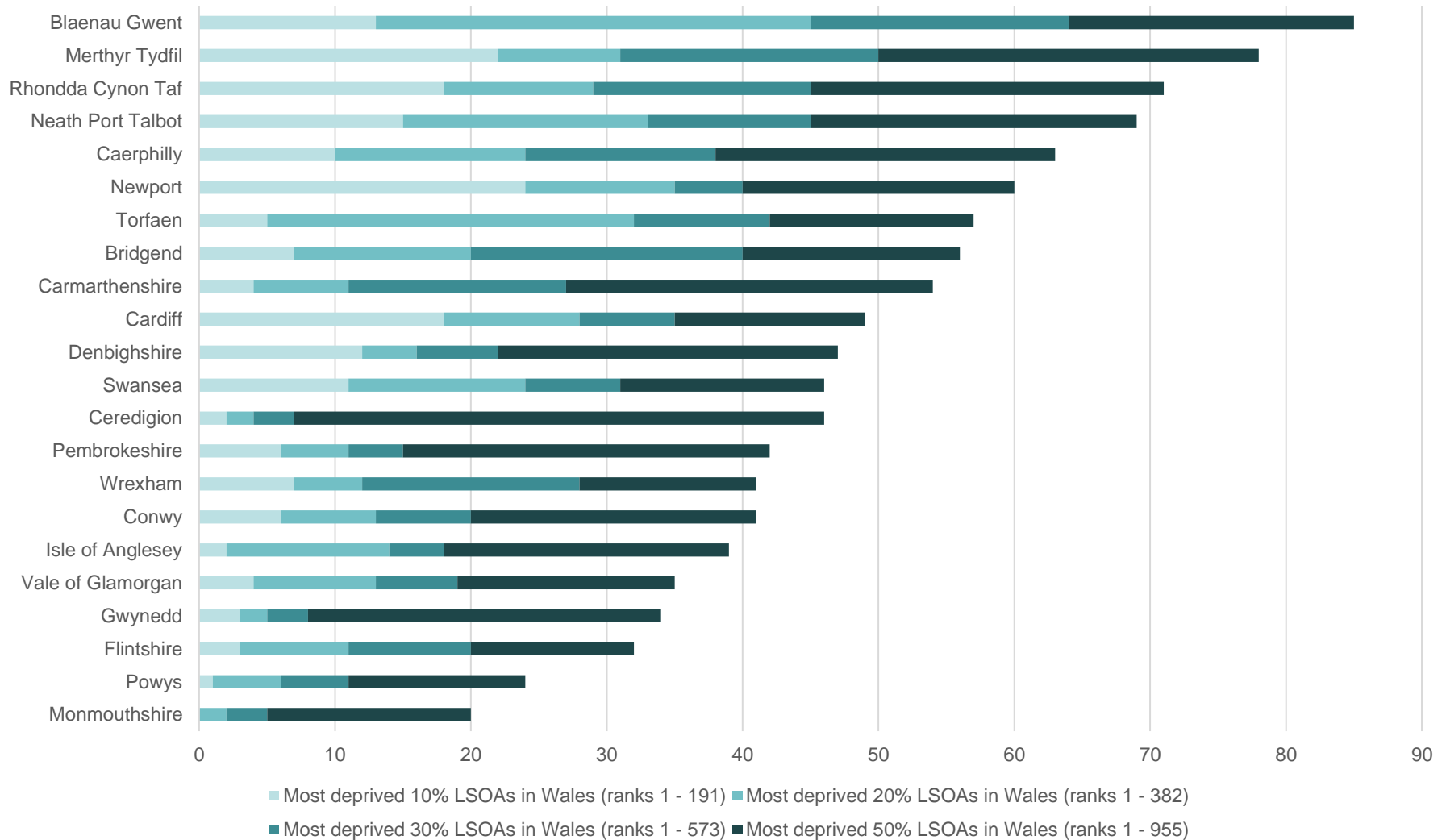


# People in all parts of Wales continue to live in poverty and the number is estimated to be rising

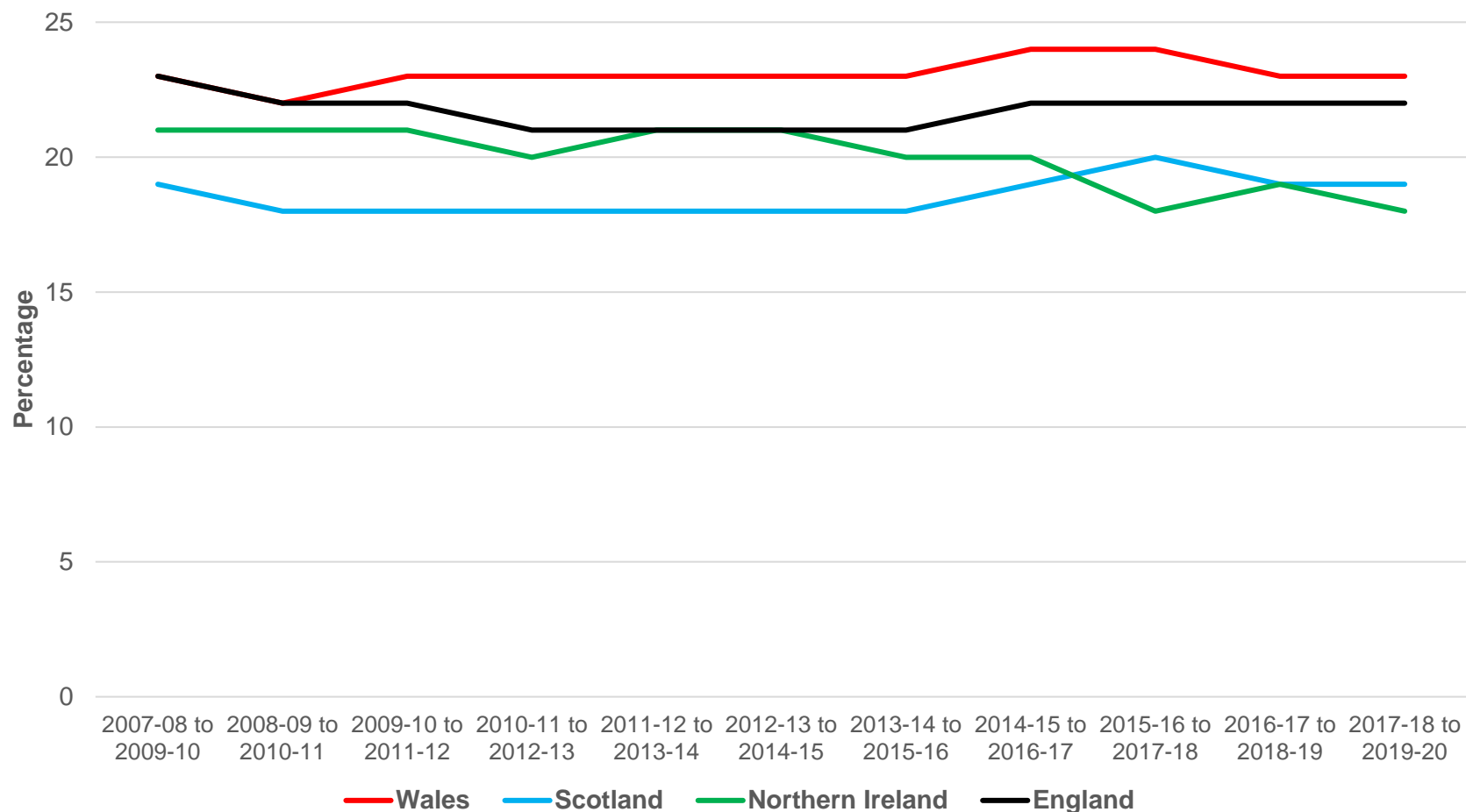


- There is no single source of evidence on poverty in Wales.
  - The **Wales Index of Multiple Deprivation**;
  - the Department of Works and Pensions (DWP) **households below average income data**; and
  - **persistent poverty information** published by the DWP.
- The data tells us that:
  - Poverty is a long-term problem facing all parts of Wales, but areas in the South in particular.
  - Wales has the highest levels of poverty across the four countries of the UK, and this is growing.
  - There remain significant numbers who persistently live in poverty and find it difficult to escape its impact.

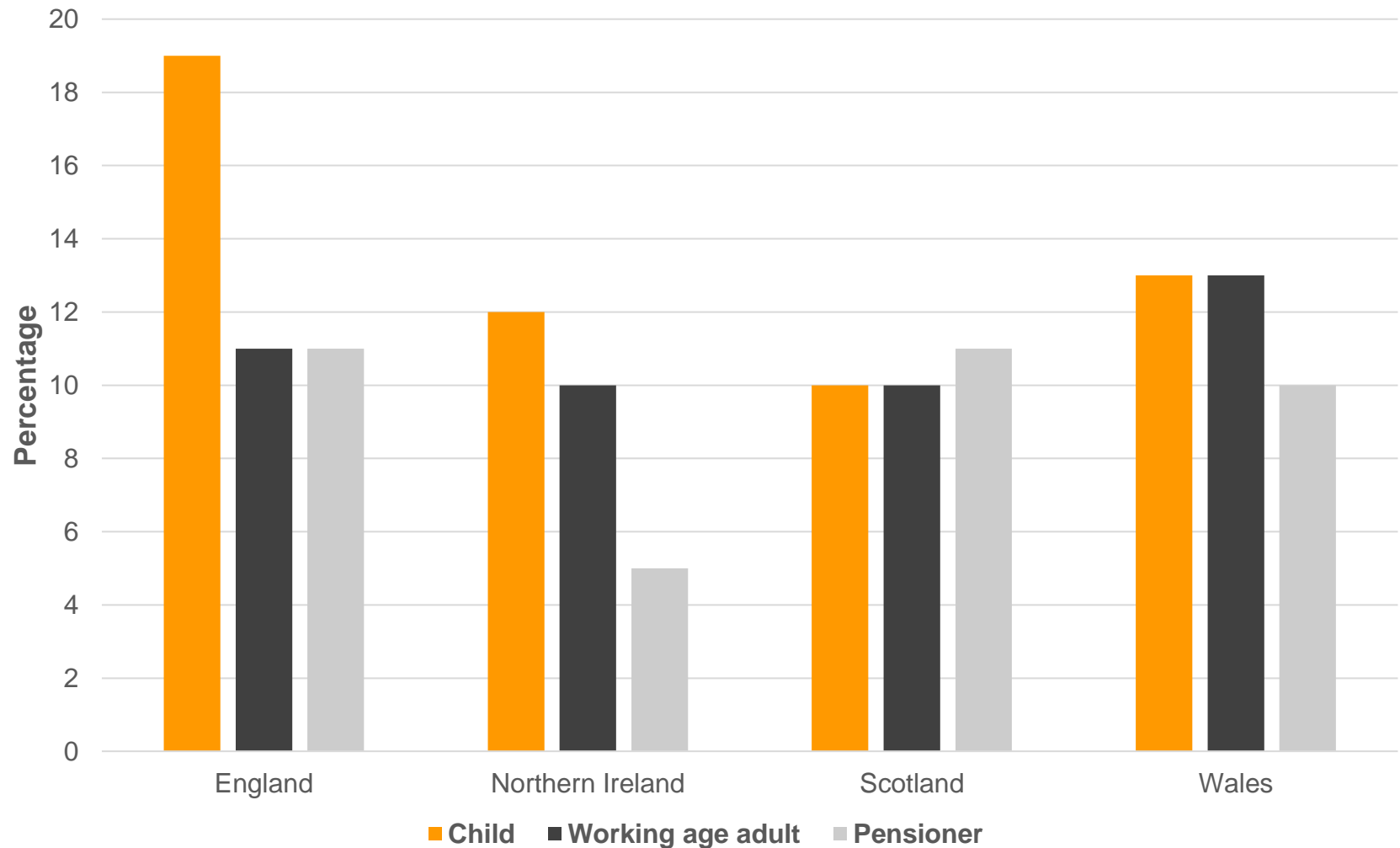
# Welsh Index of Multiple Deprivation - Council Analysis by Lower-layer Super Output Areas



# Percentage of people living in relative income poverty by UK countries between 2007-08 to 2009-10 and 2017-18 to 2019-20 (3-year averages of financial years)



# Proportion of Population in Persistent Poverty by Group - March 2022



# The impact of poverty is far reaching and increasingly more difficult for people to deal with





# The cost of living crisis.....



- ONS estimates that inflation is now higher than at any time since 1982.
- Institute for Fiscal Studies reported that the lowest-income tenth of households will face around **1.5%** more inflation than the highest-income tenth in 2022-23.
- Resolution Foundation concluded that the poorest quarter of households are set to see their real incomes drop by **6%** in 2022-23.

# The impact of cost of living crisis – national survey data



**January 2022** - 49% of households with an income of less than £15,000 a year cannot afford to heat their home.



**April 2022** - 13.8% of all UK households experienced food insecurity. The figure rises to 47.7% for those on Universal Credit.



**August 2022** - 78% of people in Great Britain are worried about the current price of their household's energy bills.



**September 2022** - 21% of UK citizens have been forced to make cutbacks to their essential food item spending.

# The impact on delivering council services



- Services hit by additional in-year costs. E.g.:
  - Higher costs for capital projects as result of inflationary pressures.
  - Utility cost increases impacting key services –schools, day centres, leisure centres, etc.
  - Impact of inflation on external contracts and staff costs.
  - Rising fuel prices for transport.
  - Needing to invest/spend more money to stand still.
- Achieving balanced budget at year end increasingly challenging.
- Agreeing a new balanced budget for 2023-24 extremely difficult.

# Responding to the challenge



# The strategies for tackling child poverty across Great Britain - National



## Child Poverty Act 2010

- Target to end child poverty by 2020
- Target repealed in 2016
- Social Mobility Commission
- Limited priority at this time



## Child Poverty (Scotland) Act 2017

- Targets to reduce child poverty by 2030
- Poverty and Inequality Commission established
- Scottish Child Payment introduced



## Child Poverty Strategy for Wales 2011

- Target to end child poverty by 2020
- Target dropped but strategy remains in force
- Minister for Social Justice committed to refreshed strategy in 2022-23

# Regional and local approaches to tackling poverty in Wales



- Children and Families (Wales) Measure 2010.
- Local well-being plans from councils or Public Service Boards (PSB).
- Child Poverty Strategy (Corporate Joint Committees) (Wales) Regulations 2021.



All council Wellbeing plans support work on poverty



12 councils have wellbeing objectives on tackling poverty



9 place work within Strategic Equality Plans



Others have plans on specific issues – food, energy, etc

# Examples of good approaches.....



- Provide clear definitions of poverty and link to wider corporate objectives.
  - Swansea’s Tackling Poverty Framework.
  - Bridgend use consistent objectives across plans to make the links.
- Have clear and effective collaboration processes:
  - Swansea - Tackling Poverty Framework.
  - Monmouthshire and Flintshire - external reference groups.
  - PSB led approach in Ceredigion.
  - Cardiff’s work with 3<sup>rd</sup> Sector.

# Common weaknesses in current arrangements



- No 'Strategy' or 'Plan'.
- 'Crisis mode'.
- Focus on Welsh Government's grants and programmes.
- Focus on employment and not giving equal weighting to other issues.
- Leadership – only **8** councils have appointed senior members/officers leading on the poverty agenda.



# Welsh Government budget



- We estimate revenue funding worth over **£1 billion** in 2021-22.
- In response to the cost-of-living crisis, the Welsh Government allocated additional ‘cost of living’ funding:
  - 2021-22 - **£152 million**
  - 2022-23 - **£162 million**

## Wales Budget 2022–2025



### How does the Welsh Government spend your money?

- Wales has its own government which decides how it will spend your money each year to improve people's lives.
- The Finance Minister, Rebecca Evans, sets out these decisions in the Budget.
- The money spent in Wales is raised in taxes from people and businesses. We have rules over the way we can spend money.
- Some of these taxes are raised by the Welsh Government. 18p out of every £1 we spend in Wales comes from Welsh taxes.
- The other taxes are raised by the UK Government and apply to the whole of the UK, including Wales.
- For the first time since 2017 we can provide money for the next 3 years across our whole budget. We are planning to spend over £60 billion up to 2024–25.
- Between April 2022 and 31 March 2023 we plan to spend almost £22 billion.
- This money is used to deliver vital public services in Wales and respond to important issues like climate change.

# All councils are dependent on grants but weaknesses in programmes means that funding is not making the impact it could



- Short-term focus and tight bid deadlines.
- Multiple applications processes.
- Administration complexities and costs.
- Weaknesses in guidance
- Unintended impact of grant conditions.
- Lack of capacity and resources in councils to bid.
- Difficulty recruiting to successful projects.



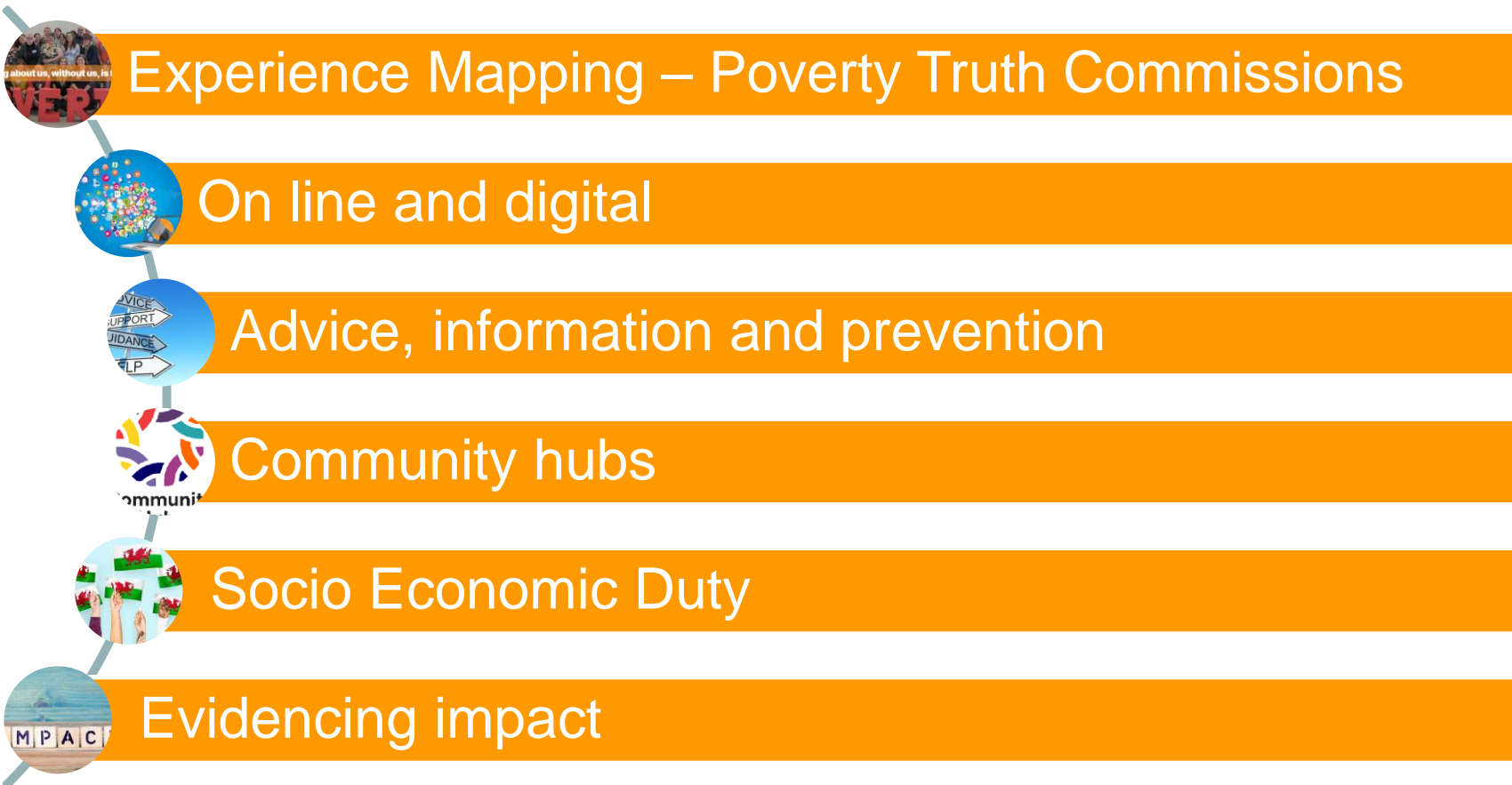
**Streamlining grants/funding  
– RCT and Bridgend.**

# Replacement for EU funding



- 2014-2020 - **£595.12 million** of EU Structural Funds in Wales.
- New UK Government led funding:
  - Shared Prosperity Fund.
  - Levelling Up Fund.
- Compared to past EU funding Welsh Government has calculated there will be a shortfall of **£772 million** between 2021-22 and 2024-25.

# Challenges for delivering services



# Experience Mapping



***“Experience mapping is a way to describe all the experiences people have with a council and the emotional responses this provokes – from their first impression of a building, an on-line service, speaking to staff or receiving a service”.***



# Poverty Truth Commissions



***“Nothing about us, without us, is for us, is the starting point for Poverty Truth Commissions. Lasting social change only happens when those who experience the struggle participate in generating that change”.***





# On line and Digital



- Most councils recognise the problem of digital exclusion:
  - 15 reference digital exclusion impact in corporate plan/strategy.
  - 14 have digital strategy and focus on digital exclusion.
- But:
  - only 12 provide digital skills inclusion programmes.
  - only five provide devices to help people access online services.
  - Few have a single landing page or dedicated web page bringing together all work on poverty in one easy to find area.
  - ‘Tell us once’ approach in applying online for assistance still an aspiration.
- Good approach - Cardiff Council’s digital strategy and support programme.



# Advice, information and prevention



- Advice and information is critical and can be sufficient to prevent smaller problems turning into a crisis.
  - Dispersed and separate advice services.
  - Navigating the ‘system’.
  - Complexity of problems.
  - Demand exceeding available resources – Citizen Advice 200% increase.
  - Focus of help – crisis v prevention.



# Advice, information and prevention – Good approaches

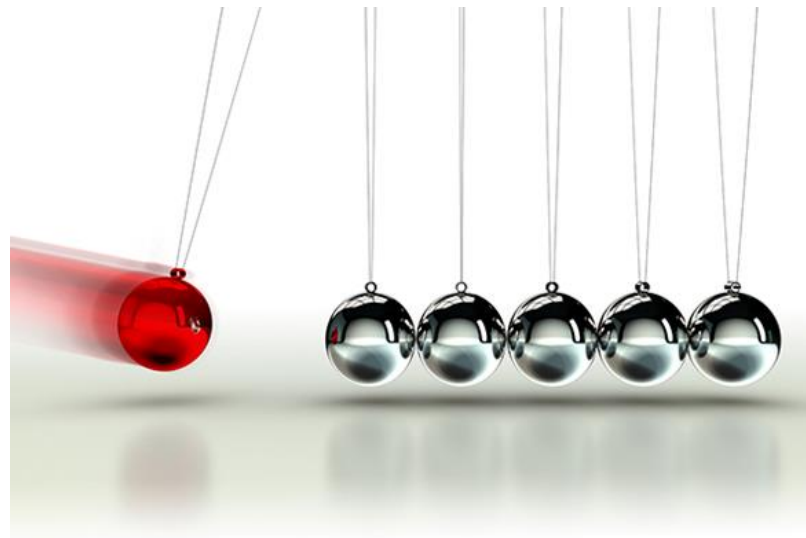


- Coordinated services:
  - Cardiff One stop shop advice services.
  - Rhyl Community Development Board.
- Publicity and campaigning:
  - Flintshire’s Holiday Hunger campaign.
  - Neath Port Talbot and Swansea pension credit.
- Integrated policy:
  - Swansea Council evolving Corporate Personal Debt Recovery Policy.

# Community Hub/Hwb



# Socio Economic Duty



# Socio Economic Duty - Good Approaches



- Swansea Council - Comprehensive integrated impact assessment covering statutory responsibilities but also includes sections on:
  - Involvement;
  - Cumulative impact/mitigation;
  - An action plan setting out the activities the council will take as a result of the integrated impact assessment; and
  - Plans to monitor and evaluate delivery.
- Caerphilly also includes six detailed socio-economic assessments rather than a single catch all consideration.
  - Consider socio-economic issues in significant depth to better target action.

# Socio Economic Duty - Common Weaknesses



- When to do it
- Level of detail
- Evidence drawn on

# Evidencing impact



Data – historical and out of date

Focus on inputs and outputs not outcomes

Benchmarking and comparison

Lack of national targets/indicators

Local dashboards – Ynys Mon and Ceredigion

Low income tracker – NPT

Data Cymru work

Cardiff and Caerphilly impact data

# The report will make 8 recommendations



1. Refreshed National strategy and targets for tackling and alleviating poverty.
2. Local strategies, targets and performance reporting for tackling and alleviating poverty.
3. Leadership on the poverty agenda.
4. Improve the efficiency and effectiveness of grant funded programmes.
5. Experience mapping to create inclusive services for people in poverty.
6. Single web landing page for people seeking help.
7. Streamlining and improving application and information services.
8. Complying with the socio-economic duty.

Also ..... a **Data Tool** to accompany the report.



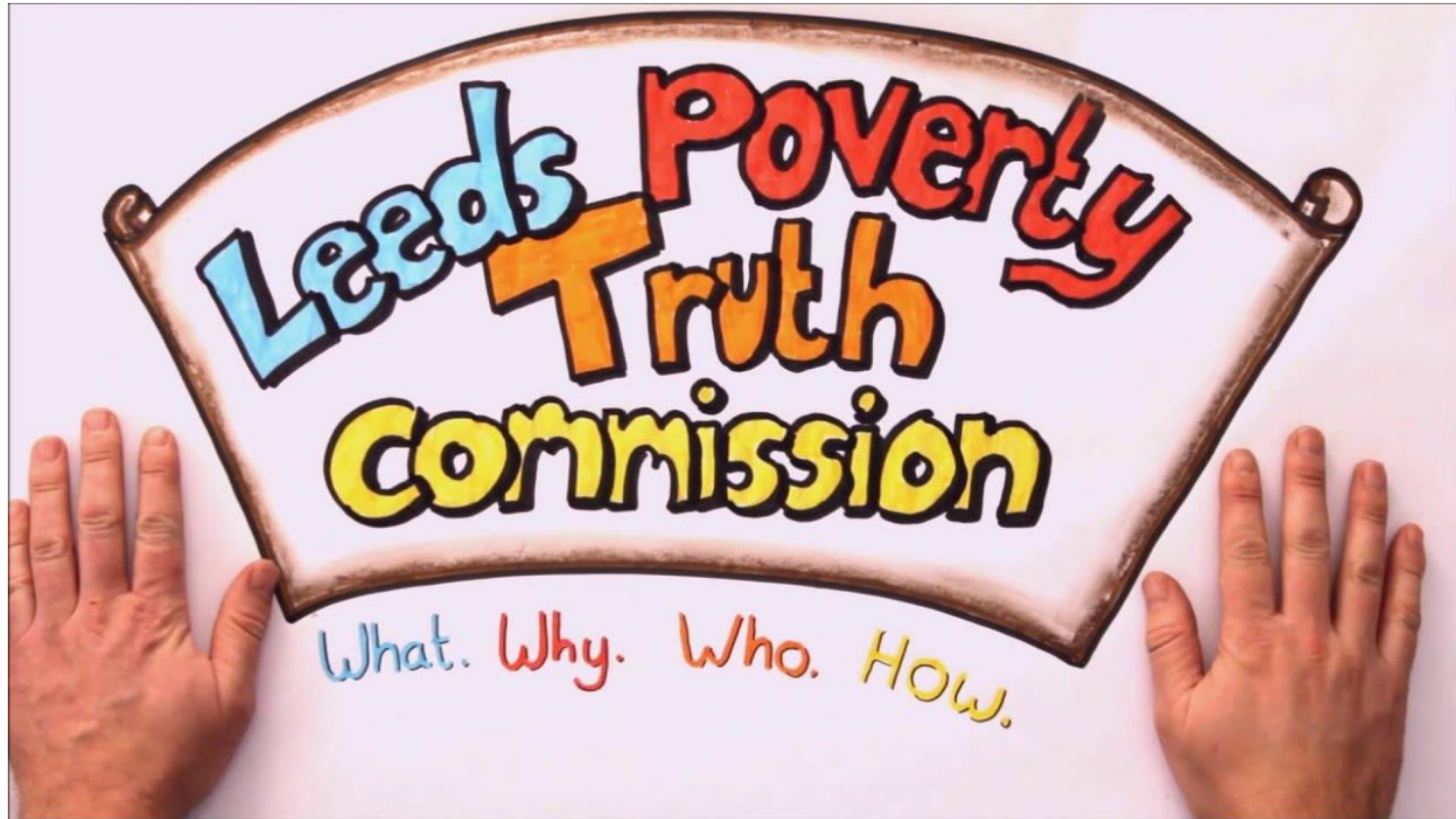
# Next steps



- Report published November 1.
- Present to Public Accounts and Public Administration Committee.
- Response from Welsh Government to recommendations.
- First of 3 studies under poverty theme:
  - Social Enterprises.
  - Social resilience and self-reliance.



# Poverty Truth Commissions



<https://youtu.be/WXqOVvd1p24>