

## **Written Response by the Welsh Government to the report of the Communities, Equalities and Local Government Committee into Poverty and Inequality**

As a Government, we have made tackling poverty a key priority through the Programme for Government, the Tackling Poverty Action Plan and the recently published Child Poverty Strategy, and as an embedded part of our work across all Departments. I welcome the Committee's Inquiry into Poverty as an opportunity to understand perceptions of our approach and consider the areas where we can do more.

We are seeing significant results from our key programmes. It is pleasing to see over 3,500 people supported to enter employment and over 11,000 children helped to improve their academic performance through Communities First in 2014/15. Over 32,000 children benefitted from our Flying Start scheme last year and through Families First, more than 2,700 Team Around the Family Action Plans were closed with a successful outcome. We have significantly increased Pupil Deprivation Grant funding and the Supporting People Programme helped over 20,000 individuals to manage their money to help them avoid losing their homes, whilst providing other invaluable housing support to over 60,000 people.

Whilst we have consistently said we will use every available lever to tackle poverty in Wales, our primary focus is on the root causes of poverty. Last year, we published an evaluation of our approach to tackling child poverty. This specifically highlighted the approach we are taking as the right one, especially in light of our focus on improving outcomes in the early years of a child's life, improving educational attainment and reducing worklessness. Our consistent and ongoing investment in each of these areas will make a significant contribution to tackling the underlying causes of poverty.

I have recently issued a response to the UK Government's Statement on Child Poverty. This highlighted the Welsh Government's considerable history of investing in policy levers which aim to prevent poverty. It also expressed our disappointment the UK Government has chosen to abandon the target to eradicate child poverty by 2020. The Welsh Government remains committed to this ambition.

We also recognise the importance of supporting households "here and now", not least because of the ongoing effects of welfare reforms in Wales and their disproportionate impact on low income households. This came through strongly in the recent consultation on our revised Child Poverty Strategy, where we were told it was vital we keep focusing on the early years, education, skills and employment, but also look for ways in which to support households "here and now".

We are refreshing our approach to ensure we are focusing relentlessly on the root causes of poverty. All Government Departments have been working together to identify ways we can do yet more to give children the best possible start in life, help people to secure a job and improve their health and wellbeing.

Below are responses to each of the recommendations you have made.

**Recommendation 1: The Committee recommend the Welsh Government establishes a Welsh Poverty Reduction Alliance which draws together Ministers and officials (including Local Government) with the third, private and academic sectors. It should also include representation from people living in poverty. This group should form the basis of innovative policy development, implementation and on-going scrutiny of poverty levels in Wales.**

**Response: Reject**

I reject this recommendation. I recognise models such as the Poverty Reduction Alliance provide a valuable service. However, I hold a variety of meetings with a wide range of stakeholders and I am content with the level of engagement and input these meetings provide. It is not my intention to establish any further groups beyond those we already have.

I meet with all of the sectors and stakeholders referred to in the recommendation through the network of Local Authority Anti-Poverty Champions, the Tackling Poverty External Advisory Group, the End Child Poverty Network and regular meetings with the Third Sector. We are also providing £1.8 million over three years to Children in Wales to create national participation structures to enable children and young people, including those who are disadvantaged, to have their voices and opinions heard to inform and influence Welsh Government legislation, policy and programmes.

I have also recently established a Practitioner's Group, made up of service providers and service users, because I am extremely keen to understand issues 'on the ground'. I have already had some useful discussions with this deliberately small group. I would be concerned an inevitably large Alliance of stakeholders may stifle and dilute the views of service users. I believe a more informal forum is a better mechanism for these conversations.

**Recommendation 2: The Committee recommend the Minister reports back to the Committee on the action taken by the Welsh Government as a consequence of the 'Deep Place' Study, Tredegar.**

**Response: Accept**

I accept this recommendation. Professor Dave Adamson, one of the authors of the report, was until recently an appointed member of the Tackling Poverty External Advisory Group. The Group has made formal recommendations in a number of areas of policy, including in-work poverty and the role of the economy. They also specifically discussed the Deep Place Study and made recommendations to the Welsh Government.

I met with the authors of the Study, Professor Adamson and Dr Mark Lang, in March to discuss the findings. My officials are in touch with them and are in the process of setting up a meeting to discuss practical and realistic actions the Welsh Government can take as a result of this Study.

I will report back to the Committee in more detail in respect of the Deep Place Study following the more detailed discussions officials are taking forwards.

**Recommendation 3: The Committee recommend the Welsh Government adopts a clear definition of poverty. We suggest that this is based on the measurement of whether a person's resources are sufficient to meet their minimum human needs and to have an acceptable standard which allows them to participate in society.**

**Response: Accept**

I accept this recommendation. The Welsh Government already has a clear definition of poverty in line with the recommendation of the Committee. This has been in place since the previous Child Poverty Strategy was published in 2011. The recently revised Child Poverty Strategy reaffirmed our broader 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 society". The relative income-based measure remains useful alongside this since income clearly forms a major element in the broader definition.

**Recommendation 4: The Committee recommend the Welsh Government makes a commitment in its tackling poverty strategy to ensure every person in Wales has food, shelter and warmth. This should included detailed analyses and targets for food poverty, fuel poverty and homelessness.**

**Response: Accept in Principle**

I accept this recommendation in principle. I agree the Welsh Government has a responsibility to do all it can to ensure people's minimum needs are met, and this is a fundamental principle of this Government. This is in spite of the fact there are important factors which influence these needs which are beyond the control of the Welsh Government.

Whilst there are no immediate plans to revise the Tackling Poverty Action Plan, I published a revised Child Poverty Strategy in March and the Action Plan Annual Report at the beginning of July. In both documents, food poverty and housing are identified as priorities.

Work is underway to define food poverty and establish indicators to help measure what is a multifaceted issue. The Welsh Government has targets in place in respect of fuel poverty, having committed to eradicating fuel poverty as far as is reasonably practicable in all households by 2018. The Housing (Wales) Act 2014 has also placed a far stronger duty on Local Authorities to prevent homelessness.

**Recommendation 5: The Committee recommend the Minister commissions research that significantly improves the quality, scope and extent of poverty data in Wales. This research should seek to establish which groups of people in Wales are disproportionately likely to be living in poverty, and identify the range of interventions that work best for different people, based on evidence rather than anecdote.**

**Response: Accept in Principle**

I accept this recommendation in principle. I recognise data enhances our understanding of poverty in Wales, and directly influences the policy decisions we subsequently make. I am keen to explore opportunities to improve the amount and quality of the information available to us, within the parameters of what is practically and financially possible.

Officials are planning further analysis of the indicators underpinning the Welsh Index of Multiple Deprivation. This will provide small area data on different types of deprivation for children and young people and will also be published for larger geographical areas including Local Authorities.

Questions on material deprivation were included for the first time in the 2014-15 National Survey for Wales, and will provide greater insight into the nature of deprivation in Wales, what this means for families and how we can better target support.

In partnership with the Administrative Data Research Centre for Wales, officials are also investigating the feasibility of using data linking to develop individual measures of multiple deprivation. This would provide an insight into the type of people experiencing multiple deprivation, without substantial survey costs.

The Economic and Social Research Council in partnership with Public Policy Institute for Wales (PPIW) has funded four projects as part of the What Works in Tackling Poverty Centre. This will provide us with important information on the changing characteristics of those living in poverty, including the characteristics and risk factors associated with in-work poverty. I have commissioned specific work from PPIW around “what works” to address rural poverty.

The Child Poverty Strategy also commits the Welsh Government to undertake further analysis on what it will take to shift headline poverty figures in Wales.

Some of the data available to us is collected at a UK Government level, such as the headline estimates of poverty levels in Wales provided by the Households Below Average Income (HBAI) data. We know from this data certain households are more at risk of living in poverty. We know from this data, at UK level, certain types of household are more likely to be in poverty. This includes those whose members have certain protected characteristics under Equality legislation, such as disabilities and some ethnicities. It is highly likely these UK findings are also true for Wales.

**Recommendation 6: The Committee recommend the Welsh Government, as part of a clearly articulated economic development strategy, sets out how this strategy is aligned with its policies and interventions aimed at tackling poverty.**

**Response: Accept in Principle**

Welsh Government's clearly stated priorities for economic development set out a strong strategic vision.

I work closely with the Minister for Economy Science and Transport and she is keen to ensure tackling poverty is an integral part of her Department's economic development work. We have placed jobs, growth and tackling poverty at the heart of our Programme for Government with clear alignment between these agendas. We are committed to actions which support businesses to create jobs and sustainable economic growth.

To emphasise our commitment to linking economic and tackling poverty policy, when I published our revised Child Poverty Strategy in March, I included a new strategic objective to "create a strong economy and labour market which supports the tackling poverty agenda and reduces in-work poverty in Wales".

I have recently met with the Council for Economic Renewal and the Association of Certified Chartered Accountants. I intend to work closely with businesses to see how we can best support those from low income families into sustainable employment.

**Recommendation 7: The Committee recommend the Welsh Government uses its influence on the low-skilled end of the labour market (particularly the care, retail and hospitality sectors) through procurement and grant funding conditions, to improve the quality of life for people experiencing in-work poverty. This needs to be done in conjunction with the private sector through improved engagement.**

**Response: Accept**

I accept this recommendation. As a Government, we are committed to using the funding we have available through procurement and grant funding to maximise benefit for the Welsh economy in general and for those living in poverty in particular.

Procurement tools such as the Sustainable Risk Assessment (SRA) and Community Benefits are in place to require buyers to consider all the social, economic and environmental impacts of their procurement exercise.

The SRA prompts buyers to consider the scope for specifying a living wage in their contract and to think about other employment-related issues such as the potential for suppliers' employees to be exploited. Whilst a specific wage level cannot be mandated through public procurement, the SRA enables inclusion of a living wage to be considered on each contract.

The Community Benefits policy promotes the use of procurement as a lever to deliver benefits, including job creation, education and training. There is particular emphasis on disadvantaged groups and those furthest from the labour market.

This approach is being delivered through significant key programmes in Wales such as 21st Century Schools, Vibrant and Viable Places, Wales Housing Quality Standard, capital Health projects, road schemes such as the dualling of the A465 and other projects within the Welsh Infrastructure Investment Programme.

The Wales Procurement Policy Statement will require public bodies to appoint a Community Benefits Champion, consider the Community Benefits approach in all public sector procurements, and apply the Community Benefits Measurement Tool to all contracts over £1 million. The Minister for Finance and Government Business has established a Task and Finish Group, which will strengthen the delivery of Community Benefits.

Whilst we are keen to see these policies benefit people living in in-work poverty, we are also using these levers to benefit those furthest from the labour market.

**Recommendation 8: The majority of the Committee recommend the Welsh Government presses for the devolution of the Work Programme, so that helping into work is based on local knowledge and focused on people furthest from the market. This should provide tailored solutions for different groups of people, particularly women and disabled people.**

**Response: Accept in Principle**

Welsh Government has been clear Wales has its own devolution agenda, based on the Silk reports. There is cross-party consensus Silk should be the basis for the much needed reform of our settlement.

We acknowledge there are advantages in devolving employment programmes to Wales as this would provide an opportunity to better align skills provision to support unemployed people into sustained employment.

Since its introduction in 2011, participants in the Work Programme (and similarly Work Choice) have not been able to access ESF or Welsh Government funded support due to the inability within the Work Programme to demonstrate added value.

However, consideration of the potential to devolve all or part of the employment system, including the Work Programme, is a complex issue as it is intrinsically linked to the benefit system. Benefit regulations will remain a responsibility for UK Government, including the conditionality and sanctioning aspects of the programme.

Budgetary concerns are a key consideration for the Welsh Government in relation to devolution of employment programmes. Currently, there is no long term commitment regarding the associated delivery budget beyond the initial funding package which would sit alongside the devolved delivery arrangements. Further assessment of the potential financial implications on Wales will be required, in particular with regard to the increasing numbers of participants in the programme with more complex barriers to employment and the associated impact on resourcing appropriate levels of support.

**Recommendation 9: The Committee recommend the Welsh Government prioritises the under claiming of benefits such as Pension Credit and the Discretionary Assistance Fund (DAF) in Wales.**

**Response: Accept in Principle**

I accept this recommendation in principle. Welsh Government takes the issue of under-claimed benefits very seriously, however, it is important to note the Discretionary Assistance Fund is not a benefit. It is a fund of last resort and cannot be treated as a benefit.

It is vital people living in poverty are able to access the support to which they are entitled, including support to access benefits and other funds available. The Welsh Government provides much support in this area including providing £2 million per annum from 2014/15 to support free advice services. Advice providers currently being supported are Citizens Advice Bureaux, Shelter Cymru, SNAP Cymru, Age Cymru and Tenovus to provide free and independent advice to people on their financial entitlements, debt and housing-related issues and discrimination. This includes high-level practical support for people to pursue claims and to challenge decisions.

Additionally, we provide £2.2m funding annually for Citizens Advice Cymru to provide the Better Advice, Better Lives (BABL) project which is an anti-poverty benefit take up campaign'. The Scheme provides support for people in relation to the take up of benefits for health, Council Tax, Families with Children with disabilities and working families. The funding for this service has been extended until March 2016. From April 2012 to March 2015, the Scheme helped almost 60,000 people bringing in confirmed gains of more than £52m. In addition, we are funding Age Cymru to provide advice on income maximisation to older people and carers in Wales.

We also provide direct support in our most deprived areas. The Citizen's Advice *Communities First Shared Outcomes* project provides national co-ordination of the delivery of advice services in Communities First Clusters across Wales. These are delivered by the local Bureaux, via a Service Level Agreement with CAC, to provide outreach support to Clusters on debt and money advice. Funding of £1.5m has been committed to CAC for this work in 2015/16.

In addition to the specific funding schemes for advice services, a number of other Welsh Government programmes also support work which provides advice and support to people in this area. For example, debt and welfare advice and money management support are commissioned locally through programmes such as Supporting People, Families First and also Communities First.

Alongside, the direct funding provided, we have established a National Advice Network to ensure there is a structure in place which has responsibility for taking a holistic view of the need for, and provision of, advice in Wales.

**Recommendation 10: The Committee recommend the eligibility criteria for the DAF be widened, for example, by not requiring people to apply for a budgeting loan before applying for the DAF. The Committee also recommend the original allocation of £10.2 million for the Fund is restored.**

**Response: Reject**

I reject this recommendation. The DAF is a demand-led scheme supporting the most vulnerable people in Wales. It is a fund of last resort which by definition means all suitable and appropriate routes to obtain the items needed, or funding for items, should be explored prior to application to this Fund. All applicants are therefore asked to first explore the option of taking out a budgeting loan with DWP. This ensures the funds are provided to those who are most in need and support those who have nowhere else to turn for help.

In 2015/16 there has been a transfer of funding from the Discretionary Assistance Fund to Advice Services, which supports front-line preventative work by increasing the capacity of Independent Advice Service providers. This has been undertaken to help meet the real pressures being faced by these organisations, with the growth in demand for these services at the very time when funding through Legal Aid and other sources of support are being cut.

The DAF Grant budget for 2015/16 is £8.38m and not £7.2m (as highlighted in the report) and we will constantly be reviewing the demands on this. This flexibility to move resources to where they are most needed again reflects the Welsh Governments responsive and holistic approach to tackling poverty.

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**Minister for Communities and Tackling Poverty**