Archwilio Cymru
Audit Wales

'Time for Change' – Poverty in Wales

Report of the Auditor General for Wales

November 2022

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under the Public Audit (Wales) Act 2004.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Contents

Context

1   Poverty shapes the lives of many people in Wales, with hundreds of thousands of families struggling to make ends meet. This is not a new phenomenon and tackling poverty, particularly child poverty, has been a longstanding priority for both the Welsh Government and councils in Wales.

2   We know that the impact of poverty can be far reaching with many damaging effects. The longer someone is in poverty, the harder it is to break out. And those who live in poverty can find it extremely difficult to play a full role in society and benefit from education and life opportunities that most of us take for granted.

3   Often people in crisis are unable to manage and cope. And it is in these times that they look to government – the UK Government, the Welsh Government and the 22 councils – for help and assistance to deal with their difficulties.

4   However, the current cost-of-living crisis, with food, fuel and energy costs all rising sharply, is hitting the pockets of many more people and placing families who have managed to live comfortably into poverty for the first time. The consequence of this is creating expectations, and a need, for government to do much more to help people who are struggling to survive.

5   This report looks at the challenge of poverty in Wales and how government is responding. We acknowledge that effectively tackling poverty is not easy and is exceedingly difficult for both Welsh and local government. **Appendix 1** sets out our audit approach and methods.

6   This is also the first of three reviews on the challenge of alleviating and tackling poverty. In our other work we focus on two potential solutions. Firstly, how councils are working to grow and expand social enterprises to help local government deliver more services and reduce demand – in essence are we making the most of social enterprises and ensuring social value and social capital stay in communities and help people who are struggling. And secondly, given the priority placed on community resilience and self-reliance in council plans, how well are councils equipping people to be less reliant on the state and reduce demand for often overstretched services.

◀ Key findings

7   Our overall conclusion is that **the scale of the challenge and weaknesses in current work make it difficult for Welsh and local government to deliver the systemic change required to tackle and alleviate poverty.**

8   In **Part 1** of this report we highlight that poverty is multidimensional, complex, growing and impacting more people in Wales. The impact of poverty is far reaching and increasingly more difficult for people to deal with. People in all parts of Wales continue to live in poverty and the number is estimated to be rising, with the cost-of-living crisis pushing more people into poverty. Our analysis shows that poverty is the single major challenge facing all tiers of government.

9   In **Part 2** we consider how the different tiers of government are prioritising action on alleviating poverty. Tackling poverty remains a priority but many of the levers to alleviate poverty are outside of Wales's control. The Welsh Government adopted a Child Poverty Strategy in 2011, which was also revised in 2015, but this is out of date in the context of the current cost-of-living crisis, and the target to eliminate child poverty by 2020 was dropped. Despite this, councils and partners have prioritised work on poverty, but the mix of approaches and a complicated partnership landscape mean that ambitions, focus, actions and prioritisation vary widely. In particular, understanding need and drawing on a wide range of data to shape responses remain an area for improvement. Because the agenda is so broad, it is understandable that no council has a comprehensive anti-poverty team, and activity cuts across a range of services which can reinforce silo working.

10   The Welsh Government makes significant revenue funding available to councils to alleviate the impact of poverty but due to the complexity and nature of the issues, the total level of spending is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty. All councils are dependent on grants but the short-term nature of grant programmes, overly complex administration, weaknesses in guidance and grant restrictions, and difficulties spending monies mean that funding is not making the impact it could. Lastly, councils find it hard to deliver preventative work because of the sheer scale of demand from people in crisis.

11   Finally, in **Part 3** we consider how public bodies deliver services to help people in poverty. We found that only one council is formally undertaking experience mapping with service users to shape how they provide all services to help people in poverty. Despite this, councils are changing how they deliver services as a result of the pandemic and ongoing budget pressures. But the new models of delivery are not always helping people in poverty and those struggling with the cost-of-living crisis.

12   Digital exclusion remains a major challenge and data shows that people in poverty can find it difficult to access online services. Community hubs offer an opportunity for councils to help people at the point of crisis. Comprehensive and integrated publicity, advice and information services can significantly help people who are struggling but the picture across Wales is mixed. All councils undertake some form of assessment to determine the likely socio-economic impact of policy choices and decisions, but the approach varies and is not always effective. With a few exceptions, most councils struggle to demonstrate the value of their work in alleviating and tackling poverty.

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I acknowledge that scale of challenge that poverty presents. It is essential therefore that Welsh Government and councils maximise their efforts and address the weaknesses identified in my review. We need to ensure all tiers of government work together to help people in need and my recommendations are targeted at supporting improvement.

Adrian Crompton
Auditor General for Wales

◀ Recommendations

13   Our recommendations are set out below. We expect each council to consider the findings of this review and our recommendations, and that its governance and audit committee receives this report and monitors its response to our recommendations in a timely way.

Recommendations

National strategy and targets for tackling and alleviating poverty

R1   In **Paragraphs 2.8 – 2.12** we note that there is currently no specific target for reducing poverty in Wales and the current Child Poverty strategy needs to be refreshed. We recommend that in updating its strategy the Welsh Government:

- set SMART national actions;

- establish a suite of performance measures to judge delivery and impact;

- sets target for alleviating and tackling poverty; and

- undertake regular evaluation of performance and public reporting.

Recommendations

Local strategies, targets and performance reporting for tackling and alleviating poverty

R2 In **Paragraphs 2.13 – 2.23** and **Paragraphs 3.33 – 3.35** we highlight that councils and partners have prioritised work on poverty, but the mix of approaches and a complicated delivery landscape mean that ambitions, focus, actions and prioritisation vary widely. We highlight that evaluating activity and reporting performance are also variable with many gaps. We recommend that the councils use their Wellbeing Plans to provide a comprehensive focus on tackling poverty to co-ordinate their efforts, meet local needs and support the revised national plan targets and actions. This should:

- include SMART local actions with a greater emphasis on prevention;

- include a detailed resourcing plan for the length of the strategy;

- be developed with involvement from other public sector partners, the third sector, and those with experience of poverty;

- include a robust set of consistent outcome indicators and measures to increase understanding of poverty locally; and

- be subject to annual public reporting to enable a whole system view of poverty locally to help improve delivery and support.

Recommendations

Leadership on the poverty agenda

R3   In **Paragraph 2.23** we note that just over a third of councils have lead members and lead officers for addressing poverty. Given the importance of effective leadership in driving the poverty agenda forward and breaking silos within councils and between public bodies, we recommend that each council designate a cabinet member as the council's poverty champion and designate a senior officer to lead and be accountable for the anti-poverty agenda.

Improve the efficiency and effectiveness of grant-funded programmes

R4   In **Paragraphs 2.31 – 2.38** we note that all councils are dependent on grants but weaknesses in programmes mean that funding is not making the impact it could. To ensure councils are able to maximise the impact of funding and tackle the more difficult and longstanding problems, we recommend that the Welsh Government:

- provide longer timescales for announcing and receiving bids to enable better resource planning;

- move away from annual bidding cycles to multi-year allocations;

- enable funding to be more flexibly spent to avoid an emphasis on quicker projects, rather than more impactful interventions that take longer to establish;

- allow councils to consolidate funding to reduce bureaucracy;

- streamline and simplify processes and grant conditions to reduce the administrative burden; and

- keep requests for information and supporting materials from councils to a minimum.

Recommendations

Experience mapping to create inclusive services for people in poverty

R5   In **Paragraphs 3.2 – 3.6** we highlight that people in poverty are often in crisis, dealing with extremely personal and stressful issues, but they often find it difficult to access help from councils because of the way services are designed and delivered. We recommend that councils improve their understanding of their residents' 'lived experience' through meaningful involvement in decision-making using 'experience mapping' and/or 'Poverty Truth Commissions' to review and improve accessibility to and use of council services.

Single web landing page for people seeking help

R6   In **Paragraph 3.14** we highlight the difficulties people in poverty face accessing online and digital services. To ensure people are able to get the information and advice they need, we recommend that councils optimise their digital services by creating a single landing page on their website that:

- is directly accessible on the home page;

- provides links to all services provided by the council that relate to poverty; and

- provides information on the work of partners that can assist people in poverty.

Recommendations

Streamlining and improving application and information services for people in poverty

R7   In **Paragraphs 3.15 and 3.16** we note that no council has created a single gateway into services. As a result, people have to complete multiple application forms that often record the same information when applying for similar services. We highlight that whilst it is important that councils comply with relevant data protection legislation, they also need to share data to ensure citizens receive efficient and effective services. We recommend that councils:

- establish corporate data standards and coding that all services use for their core data;

- undertake an audit to determine what data is held by services and identify any duplicated records and information requests;

- create a central integrated customer account as a gateway to services;

- undertake a data audit to provide refresher training to service managers to ensure they know when and what data they can and cannot share; and

- review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities.

Recommendations

Complying with the socio-economic duty

R8   In **Paragraphs 3.27 to 3.32** we set out that while all councils undertake some form of assessment to determine the likely socio-economic impact of policy choices and decisions, approaches vary and are not always effective. We recommend that councils review their integrated impact assessments or equivalent to:

- ensure that they draw on relevant, comprehensive and current data (nothing over 12 months old) to support analysis;

- ensure integrated impact assessments capture information on:
  - involvement activity setting out those the service has engaged with in determining its strategic policy such as partners, service users and those it is co-producing with;

  - the cumulative impact/mitigation to ensure the assessment considers issues in the round and how it links across services provided across the council;

  - how the council will monitor and evaluate impact and will take corrective action; and

  - an action plan setting out the activities the Council will take as a result of the Integrated Impact Assessment.

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

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1.1   In this part of the report we provide a brief overview of how poverty is defined, setting out the complexities of poverty showing its day-to-day impact on people in Wales. We outline how poverty is measured, highlighting the differences between the countries of the UK and show that poverty in Wales is growing. Finally, we consider the current cost-of-living crisis and how this is pushing more people into poverty for the first time, making poverty the single biggest challenge facing people and public services across Wales.

Defining poverty

1.2   Poverty may be described in different ways and there is no single, universally accepted definition. In 1995, the United Nations adopted two relative definitions of poverty, framing the issue in terms of minimum acceptable standards of living within the society in which a particular person lives. These are:

a **absolute poverty** is defined as a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income, but also on access to services.

b **overall poverty** takes various forms, including a lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited, or lack of access to, education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion.

1.3   Poverty therefore occurs in all countries and even the most developed places will have pockets of poverty amid wealth. For instance, the loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and those who struggle to cope outside family support systems, social institutions and safety nets.

1.4   The causes of poverty can also be structural, derived and enhanced by the way society and the economy are framed and work, which helps create a cycle that makes it more difficult for some people to provide for their families and keeps them trapped in hardship. These structures drive disparities in access to transportation, education, childcare, health care, high-quality jobs, and affordable housing. For example, people who are not able to easily access training or education can struggle to land a secure job, making it harder to escape poverty. Likewise, the operation, or inflexibility, of welfare systems can make it difficult for those struggling and trap them in poverty.

1.5   Consequently, poverty needs to be seen as multi-dimensional incorporating aspects of, for example, deprivation, and psychological wellbeing, such as mental health and shame. Looking at deprivation allows a wide range of aspects of living standards to be included. Here, deprivation should not be seen only in terms of material deprivation but also in the social exclusion from 'the ordinary patterns, customs and activities' of society[1].

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

1.6   Poverty is not just therefore the absence of the money people require to meet their needs. It is also the consequences of this lack of resources and how this impacts them in ways that those not in poverty often find hard to comprehend. Some of these consequences – for instance social isolation, exclusion, powerlessness, physical and emotional wellbeing – can extend and perpetuate poverty, making it difficult, if not impossible, for people to escape its impact. And often the way policies and services are set and delivered can make the situation far more challenging.

1.7   Through our fieldwork, in particular speaking to people in poverty, we have sought to define its characteristics or dimensions on a human level – what does it feel and look like to live in poverty. From our work, there are some common issues that re-occur for people who live in poverty. We have set these out under seven broad headings in **Exhibit 1.** Not everyone will encounter all of these, and people can experience different problems at different times. Taken as a whole, however, they demonstrate how multidimensional poverty can be and provide a sense of what it means to live in poverty and, at the extreme end, destitution.

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1   Lansley, S. and Mack, J., Breadline Britain – the rise of mass poverty, London, Oneworld, (2015).

Exhibit 1 – The 'Dimensions' or 'Characteristics' of living in poverty in Wales

Housing issues

- I have experience of being homeless, street sleeping and/or sofa surfing
- My home is insecure, and I fear losing it
- I am unable to afford to pay my rent or mortgage
- I live in poor quality/substandard housing
- People in my home share bedrooms and have inadequate space
- I cannot afford furniture or white goods in my home

Fuel and Energy issues

- My home has poor energy efficiency
- I have to use prepayment meters and/or have to use high-cost tariffs
- I have high energy usage due to my and/or my family's ill health
- I have high energy use due to the size of my family
- I am regularly unable to afford to use electricity or gas
- I depend on an off-grid, more expensive energy supply – oil

Clothing and footwear issues

- I do not have warm clothing in winter
- I depend on handouts and charity for clothes
- I only have two pairs of shoes
- I do not have clothes for work or job interviews

Food and water issues

- I cannot guarantee a regular and sufficient supply of food and water
- I am unable to purchase sufficient food and water to meet me and my family's needs
- I am unable to eat healthily
- I periodically have no food available
- I regularly miss meals
- I am unable to afford to wash myself and/or my clothes
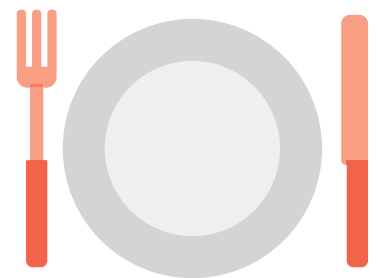
Financial issues

- I have insufficient income to afford to meet my living costs
- My income is unstable, and I do not know how much money I have week to week
- I am unable to access credit
- I have no savings
- I am in debt
- I depend on welfare benefits and/or charity
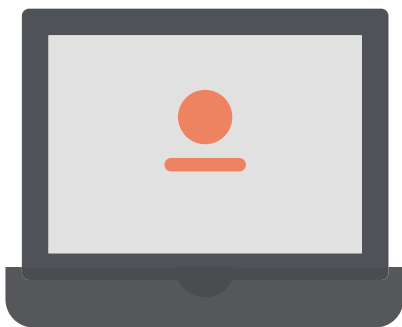
Exclusion from services issues

- I am unable to register for health, dental and care services
- Transport is unreliable and I find it difficult to access and/or afford transport
- I do not have a computer, a SMART phone and/or tablet
- I do not have access to the internet at home
- I find it difficult to access the essential public services I need
- I find it difficult to participate in or influence decisions that affect me – eg not registered to, or do not, vote
- I find it difficult to get the advice and information I need to help me
- I feel marginalised by the services I seek help from

Emotional and relationship issues

- I lack confidence and self esteem
- I find it difficult to deal with problems
- I find it difficult communicating with people and services
- I have poor literacy and numeracy skills
- I find it difficult to build and/or maintain relationships
- I experience feelings of shame and stigma because of my circumstances
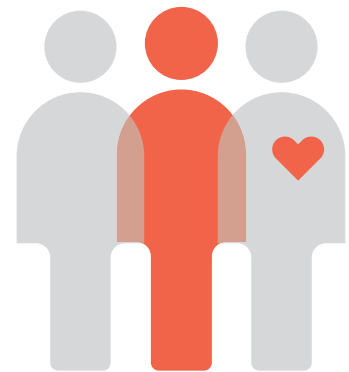
Source – Audit Wales

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

1.8   There is no single source of evidence that is universally drawn on to determine levels of poverty in Wales. Consequently, we have based our analysis on three key data sets. These are the Wales Index of Multiple Deprivation; the Department of Work and Pensions' (DWP) households-below-average-income data; and persistent poverty information, again published by the DWP.

1.9   Taken together, this information shows us that a significant number of people are living in poverty in Wales and deprivation reaches all part of the country. Importantly, the levels of poverty remain stubbornly high and are impacting all parts of the population – children, working-aged people and pensioners. Significantly, many people also continue to experience poverty on an ongoing basis.
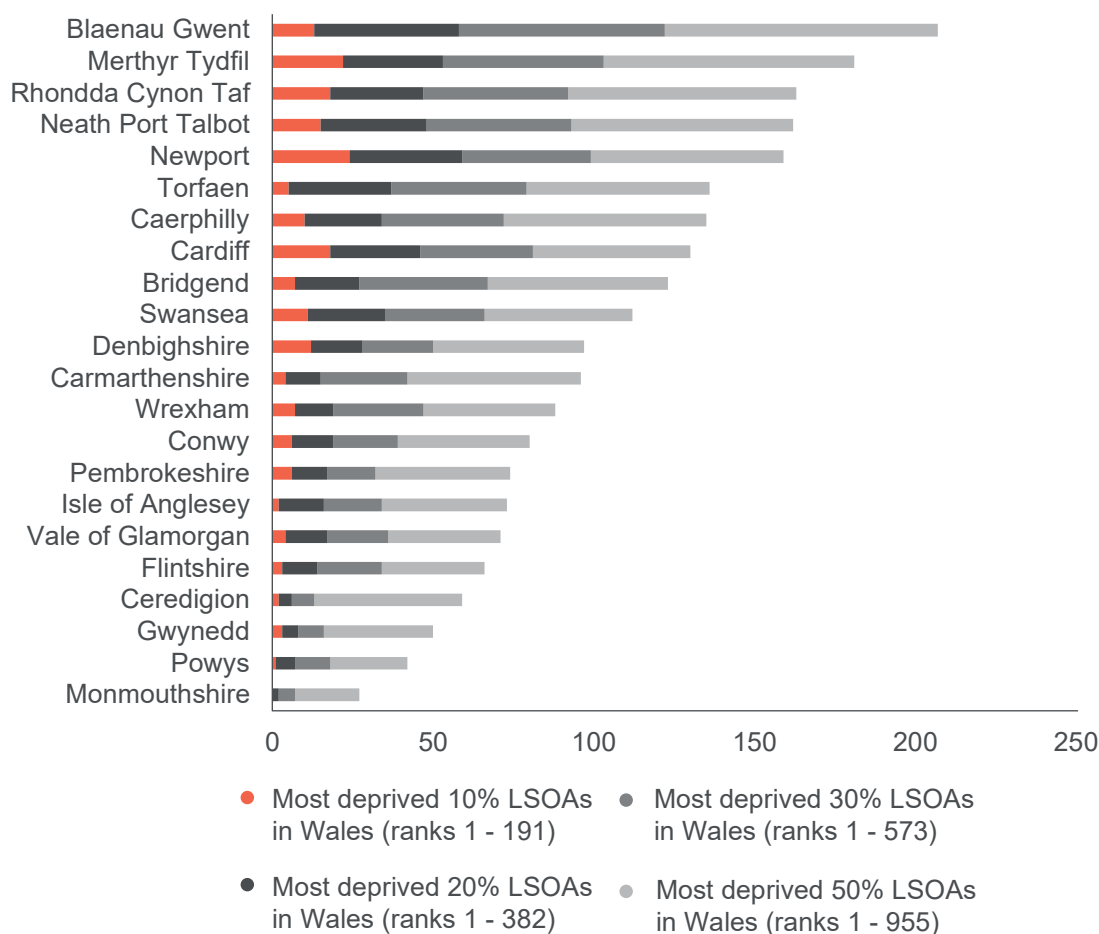
The Welsh Index of Multiple Deprivation

1.10   The Welsh Government uses the Welsh Index of Multiple Deprivation (WIMD) to measure relative deprivation of small areas of Wales and then ranks them from the most to the least deprived. The WIMD uses 47 indicators split into eight domains – income, employment, health, education, access to services, housing, community safety, and the physical environment. WIMD is a measure of multiple deprivation that is both an area-based measure and a measure of relative deprivation.

1.11   WIMD ranks all small areas in Wales from 1 (most deprived) to 1,909 (least deprived). Using this information it is therefore possible to say that one area is more or less deprived than another[2]. The full WIMD is revised every four to five years and was last updated in 2019, before the pandemic and the impact of the current cost-of-living crisis. Nonetheless, the WIMD remains the best available data for comparing levels of poverty by council.

1.12   Using the WIMD data, we set out in **Exhibit 2** the comparative levels of deprivation by council based on this small-areas analysis. In broad terms, the WIMD shows us that all areas of Wales have pockets of deprivation, but the urban areas of south-east Wales are where people are persistently experiencing poverty and are struggling the most.

2   The Welsh Index of Multiple Deprivation (WIMD) is the Welsh Government's official measure of relative deprivation for small areas in Wales. It identifies areas with the highest concentrations of several different types of deprivation. WIMD ranks all small areas in Wales from 1 (most deprived) to 1,909 (least deprived). Small areas are Census geographies called Lower-layer Super Output Areas (LSOAs).

1.13 Tackling and alleviating poverty is at the heart of providing for the wellbeing of citizens, and government at all levels in Wales clearly operates many programmes to support this. This includes the NHS, education, welfare payments, infrastructure, and utilities. The broad nature of poverty and the wide range of areas that it touches on mean that it inherently crosses over the different constitutional boundaries of the UK.

2.14 Wales has had stubbornly high levels of poverty for many years (**Exhibit 2**) and as a result poverty remains a longstanding priority of the Welsh Government. The Welsh Government recognises that the due to the nature of poverty, it cannot be tackled alone and must be tackled collaboratively between all levels of government. Notwithstanding, the Welsh Government exercises considerable autonomy when it comes to tackling poverty. For instance, major areas of economic development, education, health and housing policy are its responsibility, and it can decide where it allocates its budgets.

Exhibit 2 – Welsh Index of Multiple Deprivation – Council Analysis by Lower-layer Super Output Areas

People in all parts of Wales are experiencing poverty, but it is most acutely felt in the urban and valley areas of South Wales.

Most deprived 10% LSOAs in Wales (ranks 1 - 191)

Most deprived 20% LSOAs in Wales (ranks 1 - 382)

Most deprived 30% LSOAs in Wales (ranks 1 - 573)

Most deprived 50% LSOAs in Wales (ranks 1 - 955)

Source: Welsh Index of Multiple Deprivation, Welsh Government, November 2019

Households Below Average Income

1.15 Most official measures of poverty use relative income to assess who is in poverty; an income threshold is set and those who fall below it are seen to be 'in poverty'. The current benchmark for judging relative levels of poverty is the number of households who get less than 60% of the average wage. Using this measure[3], and drawing on data published by the DWP, 23% of people in Wales live in poverty and Wales continues to have the highest levels of poverty in the United Kingdom – **Exhibit 3.**

3 Relative income is the sum of money after housing costs such as mortgage interest payments/rent, water rates and structural house insurance have been paid.

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

Wales has consistently had the highest levels of relative income poverty in the UK in the last decade.
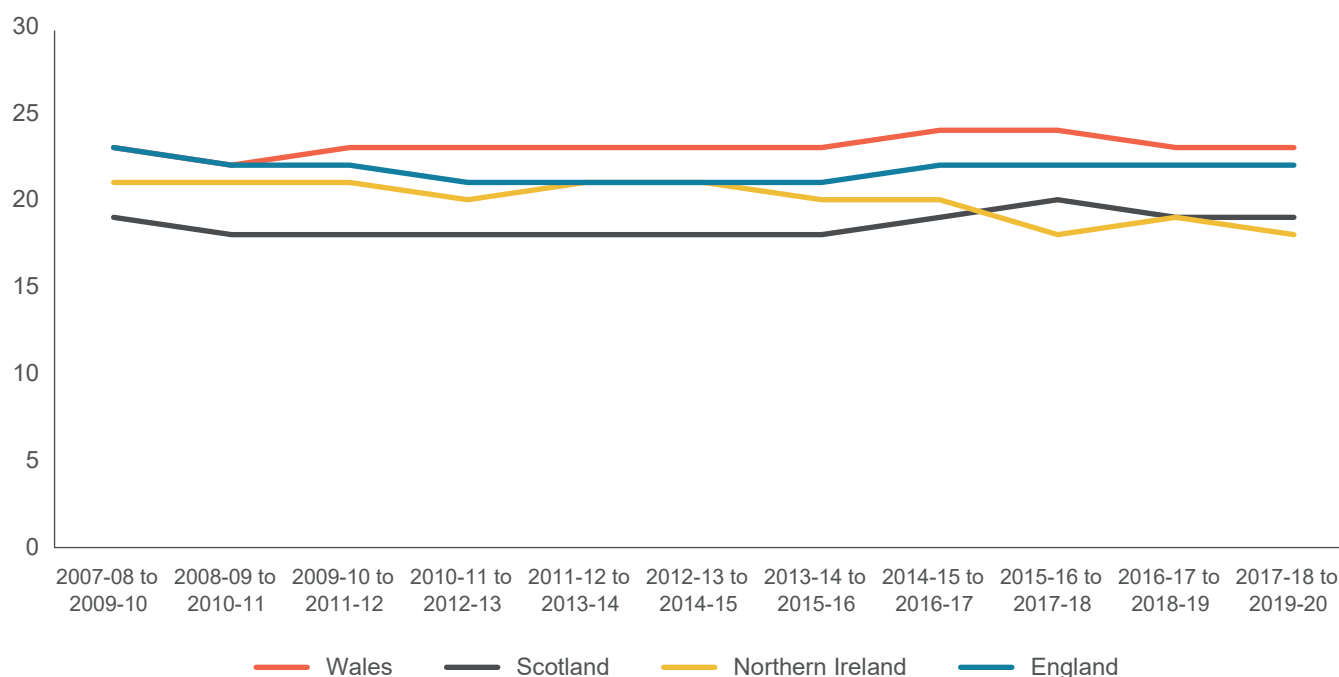
Source: Households Below Average Income, Family Resources Survey, Department for Work and Pensions, reported on StatsWales (Indicator SIEQ0031), March 2021

1.16   Digging below the surface of the headline figures allows us to identify some important trends on poverty in Wales, and the differences between Wales and the other countries of the UK. While the number of children living in relative income poverty in Wales fell from 32% in 2010-11 to 28% in 2018-19, the numbers rose sharply in 2019-20 to 31%. The most recent data published by the DWP[4] in March 2022 (as analysed by the Welsh Government[5]) suggests that this trend is continuing with 34% of children in Wales predicted to be living in poverty in March 2021[6]. Across the four countries of the UK, Wales has the highest number of children in relative income poverty.

4   Households Below Average Income, Department for Work and Pensions, March 2022
5   Measures of poverty: April 2020 to March 2021, Welsh Government, March 2022
6   It should be noted that the most recent data for Wales is based on the Family Resources Survey which samples around 900 households in Wales every year. This is why data is presented as three-to-five year rolling averages, to reduce (but not eliminate) unreliability.

1.17 Pensioners have the lowest levels of poverty in Wales, with numbers remaining consistent at 18% in the last decade, although the most recent Welsh Government analysis for March 2021 suggests this has marginally risen to 19%. Again, when comparing numbers across the UK, Wales has more pensioners in poverty than the other three nations. Finally, with regard to working-age adults, the data has remained stable at 22%, but Wales again has the highest numbers classed as in relative income poverty across the four countries of the UK.

1.18 One growing problem facing many working-age adults is 'in-work poverty' – poverty faced by anyone living in a household where someone is in work but whose income (including welfare benefits) has and is not keeping up with the cost of day-to-day living. In-work poverty is not new and is an issue that has been growing since the mid-1990s. It has, however, become a more acute problem in the last 12 months. This growing trend highlights that while work reduces the risk of poverty, incomes are often not sufficient to allow someone to escape from poverty. Research suggests that in-work poverty increased across the UK in 2021 but rose most sharply in London (22% of households), Wales and the North of England (both – 18% of households)[7].

Persistent Poverty

1.19 The DWP also produces an incomes dynamics report on changes in income over time highlighting rates of persistent low income for different groups. This is often referred to as 'persistent poverty.' Individuals are classed as living in persistent poverty if they are in relatively low income for at least three out of four consecutive years.

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7 Institute for Public Policy Research, <u>NO LONGER 'MANAGING'</u>, May 2021

1.20 Persistent poverty is a major concern. Evidence from the Joseph Rowntree Foundation shows that the negative consequences of poverty are worse for families the longer they spend, and the deeper they are, in poverty[8]. The most recent DWP data published in March 2022 found that:

a   an individual in England and Wales had a 12% chance of being in persistent poverty between 2016 and 2020 (after housing costs were paid). This is more than in Scotland (10%), and in Northern Ireland (9%);

b   a child in Wales had a 13% likelihood of being in persistent poverty, which is less than for England (19%) but higher than for Northern Ireland (12%) and Scotland (10%);

c   a working-age adult in Wales had a 13% likelihood of being in persistent poverty, which is higher than England (11%), Scotland and Northern Ireland (10%); and

d   a pensioner living in Wales had a 10% likelihood of being in persistent poverty, which is lower than in England and Scotland, both at 11%. The likelihood in Northern Ireland is 5%.

The cost-of-living crisis is pushing more people into poverty

1.21 The 'cost-of-living crisis' refers to the fall in 'real' disposable incomes (adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021. It is predominantly caused by high inflation outstripping wage and benefit increases and has been further exacerbated by recent tax increases. The price of goods, especially of essentials, is increasing at a faster rate than most people's income and is squeezing household finances, especially those on low wages. The Office for National Statistics (ONS) estimates that inflation is now higher than at any time since 1982[9], affecting the affordability of goods and services for millions of households.

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8   Joseph Rowntree Foundation, UK Poverty 2022, January 2022

9   Office for National Statistics, CPIH Annual Rate, May 2022

1.22 In January 2022, the Institute for Fiscal Studies reported that the lowest-income tenth of households will face around 1.5 percentage points more inflation than the highest-income tenth over the year[10]. Similarly, research by the Resolution Foundation concluded that the poorest quarter of households are set to see their real incomes drop by 6% in 2022-23[11]. Because energy prices are rising particularly quickly, the Joseph Rowntree Foundation estimates that low-income families will now need to spend 19% of their income on energy costs alone in 2022-23, compared to middle-income families who will need to spend 7% of their take-home pay[12] (although these figures may be lower following the UK Government's recent announcement to provide help with[13] energy bills until April 2023). Finally, the Office for Budget Responsibility forecasts household incomes when adjusted for inflation will fall in 2022-23 by the largest amount (-2.2%) since records began in the mid-1950s[14].

1.23 **Exhibit 4** draws together a range of data to show the rapid changes taking place in energy and food costs and the impact this is having. This research shows that greater numbers of people are now experiencing energy and food insecurity, and the poorer you are, the greater the impact of the cost-of-living crisis is having on you. Importantly, because it is difficult to record and report poverty data in real time, the number of people impacted by the cost-of-living crisis and living in poverty is absent from current data.

10 Institute for Fiscal Studies, The cost-of-living Crunch, January 2022

11 Resolution Foundation, The Living Standards Audit 2022, July 2022

12 Joseph Rowntree Foundation, Energy Price Analysis, March 2022

13 https://www.itv.com/news/2022-10-17/jeremy-hunt-to-outline-mini-budget-tax-spending-and-plan-today

14 Office for Budget Responsibility, Economic and fiscal outlook, March 2022

Exhibit 4 – Changes in energy and food costs and the predicted impact

Energy and food cost changes in 2021 and 2022

From April 2021 to April 2022, domestic gas prices increased by 95% and domestic electricity prices by 54%.

On 1 April 2022, the new price cap came into force. The regulator Ofgem announced the cap would increase from its current equivalent annual level of £1,277 per year to £1,971; a 54% increase.

The Chief Executive of Ofgem said on 24 May that he expected the price cap to increase to around £2,800 in October 2022, a 40% increase. Recent research suggests that this will rise again to £4,200 by January 2023. Ofgem estimates that the increase in the price cap will affect around 22 million customers.

In September 2022, the UK Government announced that it will freeze energy bills at an average of £2,500 a year for two years from 1 October 2022.

Between August 2021 and August 2022 unleaded petrol has risen by 48.6 pence per litre and diesel by 56.2 pence.

Impact on people

YouGov reported that 87% of adults in the UK reported an increase in their cost of living in March 2022 and 83% cited an increase in gas and energy as a significant contributor.

In August 2022, YouGov noted that 78% of people in Great Britain are worried about the current price of their household's energy bills – including a third (37%) who are 'very' worried about the cost. Of those with the lowest household incomes (£19,999 a year or less), 83% say they are concerned about how much they spend on energy.

Households in the lowest income group spent 7.1% of their overall spending on electricity and gas, compared to 2.5% for households in the highest income group.

A January 2022 YouGov poll found 49% of people from households with an income of less than £15,000 a year say they cannot afford to heat their home when it is very cold outside.

According to Welsh Government research 14% of Welsh households now live in 'fuel poverty' and 11% are at risk of 'fuel poverty'.

Energy and food cost changes in 2021 and 2022

Food and non-alcoholic drink prices were 6.7% higher in the year to April 2022. This is up from 5.9% and the highest rate of increase since June 2011.

An index of world food prices compiled by the UN Food and Agriculture Organisation hit a record high in March 2022. It fell slightly in April but remains 29.8% higher than in April 2021.

Impact on people

YouGov reported that 80% of adults in the UK had seen an increase in their cost of living in March 2022 and 85% of these cited increased price of food as the reason. 54% of those responding to the survey who reported a rise in the cost of living in March 2022 say they are spending less on non-essentials as a result and 33% report spending less on food and essentials. The most recent analysis from YouGov in September 2022 notes that 21% of UK citizens now say they have found themselves forced to make cutbacks to their essential food-item spending.

The Food Foundation's Insecurity Tracker reported that 13.8% of UK households (7.3 million adults) experienced food insecurity in April 2022. Amongst those on Universal Credit, the figure rose to 47.7%.

Sources: ONS, Energy prices and their effect on households, February 2022; Ofgem, Default Tariff Cap Level, February 2022; Fuel poverty modelled estimates for Wales (headline results): as at October 2021 (gov.wales); The Food Foundation, Food Insecurity Tracking, April 2022; Cornwall Insights, Price Cap Forecasts, August 2022; YouGov, Eurotrack Survey Results, March 2022; YouGov, Finances Survey Results, March 2022; and YouGov Results, Energy Bills, August 2022; and YouGov, Essential Spending Results, September 2022

1.24   In conclusion, and considering the information in this section as a whole, poverty is a long-term problem facing all parts of Wales, but areas in the south in particular. Comparatively, data suggests that 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. And the effect of the current 'cost-of-living crisis' is pushing more people into poverty. Given this situation, in the proceeding sections we look at how government in Wales is responding.

The challenge of alleviating and tackling poverty in Wales

02

2.1   In this part of the report we set out how government is currently alleviating and tackling poverty in Wales. We highlight the limitations that Welsh and local government have in responding to poverty and also review current plans and strategies. We set out how alleviating and tackling poverty are resourced and how weaknesses in current arrangements limit the potential positive impact of this funding.

Tackling poverty remains a priority for all tiers of government but many of the levers to alleviate poverty are outside of Wales's control

Exhibit 5 – The purpose of 'Government'

Western democratic governments, in general, have the same key purposes, although vary in their delivery of them. They are:

To establish laws

Government has the legitimate authority to set law that everyone is required to follow.

Maintain law and order

Government, through the courts or police, can enforce law and punish those who do not follow it to regulate and protect others from harm.

Protect from external threats

Government can use military, diplomatic actions, or international agreements to protect citizens from threats.

Provide for the general wellbeing of citizens

Government attempts to ensure the health, happiness, and prosperity of citizens through healthcare, education, and other programmes.

2.2   However, in other respects the Welsh Government is significantly constrained, most obviously its inability to control key areas which are reserved by the UK Government. This includes welfare benefits, wider social security, taxation and employment law, such as the minimum wage. The Welsh Government is unable to influence the UK Government's policy or the powers they reserve, but often has divergent views on the role of the state in tackling and alleviating poverty. This leaves the Welsh Government without the key levers to act on this priority area.

UK and Scottish Governments' strategies

2.3   UK Governments led by both major parties had, until 2016, a longstanding target to end child poverty by 2020 that was enshrined in the Child Poverty Act 2010. This was repealed in 2016 and since then there have been no targets at a UK level.

2.4   In response, the Scottish Government set its own targets to reduce child poverty by 2030 through the Child Poverty (Scotland) Act 2017 (the Act). The Act requires the Scottish Government to publish a national delivery plan and annual reports, to be supported by joint annual reports from councils and health boards to demonstrate how the strategy is being implemented. The Act also establishes a Poverty and Inequality Commission to monitor progress and to hold the Scottish Government to account.

2.5   Progress on poverty in Scotland is aided by greater powers being devolved from Westminster. The Scottish Government has additional powers over finance and welfare that are not devolved to Wales which enables it to invest and develop policy that helps alleviate and tackle poverty directly. This includes the Scottish Child Payment. The Scottish Government estimates that this alone could result in a 5% reduction in child poverty in 2023-24[15].

There is no national target for reducing child poverty and the current Child Poverty Strategy needs to be refreshed

2.6   In 2011, the Welsh Government set a national target to eradicate child poverty by 2020 under the Child Poverty Strategy for Wales. This was subsequently repeated in 2015 but the target was dropped during the Fifth Senedd. While the strategy remains relevant and provides the focus for work on poverty, it does not reflect the current challenges facing people in Wales and has no targets to focus work and effort.

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15 Scottish Child Payment – estimating the effect on child poverty (gov.scot)

2.7   The Welsh Government also produced a Child Poverty: Income Maximisation Action Plan in November 2020. This set out a series of practical actions to help increase the incomes of families living in poverty, reduce essential living costs and provide support to build their financial resilience. It does however fall short of a refreshed and up-to-date strategy.

2.8   From our fieldwork we conclude that a revised national strategy would enable the Welsh Government to articulate an up-to-date vision, direct delivery to support objectives and put in place appropriate measures to judge impact. A refreshed national strategy would help set a strategic vision with expectations and ambitions for the whole public sector to achieve collectively. And the need to update and refresh the strategy has been recognised by the Minister for Social Justice, who has committed to introduce a revised Child Poverty strategy[16]. In addition, under the Child Poverty Strategy (Corporate Joint Committees) (Wales) Regulations 2021 the four recently established Corporate Joint Committees (CJCs) will also be required to review local child poverty strategies and produce a report. This provides an opportunity for councils to reconsider their local plans and collaborate with neighbours. Finally, the Welsh Government has also recently consulted on new national milestones which include measures related to improving household income per head and income poverty[17].

2.9   Despite this, as the sections below outline, the Welsh Government and other public bodies continue to invest in a wide range of initiatives to tackle and alleviate poverty. The Welsh Government, via specific cost-of-living grants, supports public bodies to deliver programmes that help those in poverty, and much money is being invested in this way. Within councils this includes Families First and Flying Start programmes, as well as targeted grants, such as those for food or period poverty. These elements could be better co-ordinated and measured through a national strategy and indicators.

2.10   To enhance this at a time of acute need, some have called for the Welsh Government to do more following the Scottish Government's lead. For example, the Bevan Foundation and the Joseph Rowntree Foundation have called for the Welsh Government to implement a 'Welsh Benefits System', which would take existing programmes of financial and other support for families and integrate them into a single welfare system. This would mean the myriad of current funding programmes, many of which are administered by councils, would be amalgamated into a single fund, which would help streamline and improve efficiency.

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16 Welsh Parliament, Plenary Record, 13 July 2022

17 Shaping Wales' Future: Using National Indicators and Milestones to measure our Nation's progress (gov.wales)

Councils and partners have prioritised work on poverty, but the mix of approaches and a complicated delivery landscape mean that ambitions, focus, actions and prioritisation vary widely

2.11   The Children and Families (Wales) Measure 2010 placed a duty on councils to produce a child poverty strategy to support the national strategy. Since 2015, this has been discharged through local well-being plans from councils or Public Service Boards (PSB). Overall, our review found a complicated picture of how public bodies are working to address poverty across Wales.

2.12   While all councils have well-being objectives that would support those living in poverty, only 12 have specific objectives addressing poverty. We found that five councils also have dedicated anti-poverty strategies that are council-wide and draw on their corporate and well-being objectives. Other councils target individual dimensions of poverty, such as energy or food poverty. Some also include poverty as a PSB objective or theme to be addressed alongside other partners. Nine also reference poverty within their Strategic Equality Plans.

2.13   The strongest strategies provide clear definitions of poverty and link to wider corporate objectives. Swansea's Tackling Poverty Framework is an example of this, setting out a vision with themes and outcomes, linked to other plans. Bridgend also effectively links its plan by using consistent objectives with other strategies. This enables a focus on poverty to exist alongside wider corporate objectives.

2.14   A common theme across many councils is, however, a lack of ambition to address the causes of poverty over a longer period. While the key drivers of poverty, primarily decisions on welfare spending and entitlements, are outside the control of councils, there are local changes that can be made to support people. Most councils are reactive only and focus on delivering the Welsh Government's grants and programmes. This leads to an inward focus on what the council can achieve for people in crisis who are already known to them and within the public service delivery system. Those on the margins of poverty, and those being pushed into poverty by the cost-of-living crisis, are often overlooked.

2.15   Worryingly, some officers we interviewed stated that poverty strategies are not needed because they see all their councils' work as inherently about tackling poverty. Having a strategy was seen as resulting in poverty being 'lost' in the overall corporate plan. Whilst this view recognises the holistic nature of poverty, it can also result in a lack of co-ordination and silo working, with each service focusing on delivering the programmes they are responsible for rather than how they collectively contribute to the bigger picture.

2.16 Employment remains a dominant theme for councils, both as a cause of poverty but also its solution. However, as noted above, this often overlooks the large and growing numbers of people who experience in-work poverty. The dominant narrative concerning those on welfare benefits in poverty, results in an overly significant focus on employability programmes over other actions. Whilst minimum income levels are not set in Wales, employability should be seen in the context of the wider issues that those living in poverty experience.

2.17 Due to the broad nature of the poverty agenda, there are a wide range of potential partners for councils to engage with. This includes PSBs, CJCs, Regional Partnership Boards and other local forums. We found that councils have adopted widely different approaches to working in partnership to tackle and alleviate poverty. And, because of the limitations in the national strategy and a lack of targets, the inconsistency between councils is adding an unnecessary level of complexity to partnership working, especially with public bodies that operate regionally.

2.18 To enable the greatest impact from services, councils need to plan specifically to tackle and alleviate poverty, drawing on a range of evidence and meaningful collaboration with partners. However, we found that planning is often focused on the contribution of the council alone, rather than the contribution of all partners. Councils deliver a large range of services that help and support people living in poverty, but few look to build on this with meaningful links with other partners. The lack of co-ordination often means councils are reliant on individual service areas forming their own links, despite lacking the spare capacity to do this.

2.19 Collaboration in some councils takes place within existing forums that overlap with the poverty agenda, both internally and externally, but other councils have gone further. Swansea formed a council-wide co-ordination group that brings senior officers together within their Tackling Poverty Framework. Similarly, Wrexham has recently created a cost of living working group to support local residents in relation to benefit maximisation, reducing costs on energy, fuel poverty and winter pressures. Others, such as Monmouthshire and Flintshire, have drawn together external reference groups to involve other partners, such as food banks or Citizens Advice. The PSB has played a similar role in Ceredigion.

2.20 The best councils have prioritised their work with third-sector partners to invest and deliver advice and information activity to specifically help those in poverty. For example, Cardiff funds the local Citizens Advice and the Cardiff and Vale Credit Union to provide bespoke advice to individuals who present themselves to the council's Money Advice Team. To ease their partners' administrative burden, Bridgend has a central grants team to streamline grants provided.

2.21   Effective leadership is also required to drive the poverty agenda forward. Strong and coherent leadership can offer the impetus for councillors and officers to break silos to work collaboratively to deliver shared objectives and provide a focus for partnership working. We found that only eight councils have a cabinet member responsible for poverty and eight councils a senior officer with corporate responsibility for leading on tackling poverty.

2.22   One growing concern is the difficulty in attracting sufficient talent to deliver what are often very demanding and challenging services. A significant proportion of council officers we interviewed noted a growing problem of recruiting and retaining essential staff, both within their organisation but also key third-sector partners. Issues of growing workloads, reductions in capacity, increasing burn-out from frontline work during the pandemic, less competitive salaries and the impact of inflation on wages were all flagged as major risks.

2.23   In 2022, the Welsh Local Government Association (WLGA) established a Poverty Group bringing council officers together to share approaches, identify opportunities for joint working and lobby for change. Whilst at an early stage in development, this group offers a potential forum for good practice exchange and collaboration. The roles of officers that attend are wide reaching, reflecting the broad poverty agenda, but also the absence of a central anti-poverty team in most councils. This will make it more difficult for the group to co-ordinate and agree concerted action because the responsibilities and influence of individual officers vary from council to council. This is something the WLGA is planning to address.

Large sums of money are being invested in tackling and alleviating poverty, but no one knows how much, and the way money is allocated and managed limits its positive impact

The Welsh Government makes significant revenue funding available to councils to alleviate the impact of poverty but the total level of spending is unknown

2.24   The Welsh Government funds a wide range of programmes that support people in poverty. This includes wide-ranging awards, such as the Children and Communities Grant, and more targeted funding, such as digital inclusion. Collectively, we estimate that this revenue funding is worth over £1 billion in 2021-22[18].

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18 Audit Wales analysis of the Welsh Government's Second supplementary budget, February 2022

2.25   In response to the cost-of-living crisis, the Welsh Government has allocated additional funding in both 2021-22 and 2022-23. £152 million was provided in 2021-22 to fund £150 support payments for households living in properties within council tax bands A to D. A further £25 million was also made available for a discretionary council tax scheme, with payment criteria to be set by councils according to local need. This has included:

   a   payments to those who are exempt from council tax;

   b   payments to people living in homes in bands E and F;

   c   payments to those receiving free school meals;

   d   supporting homelessness prevention support; and

   e   top-ups for discretionary housing payments.

   Additional budgeted support for 2022-23 totalled £162 million and includes a winter fuel support fund, holiday hunger support, and vulnerable family support.

2.26   Because the poverty agenda is so broad and poverty-related activity is captured within the broader Welsh Government base budgets, it is difficult to identify and quantify the specific level of spending that is being provided to tackle and alleviate poverty in Wales. This, in turn, makes assessing the impact, or the value for money, of this funding difficult to measure.

No council knows the full extent of its spending on alleviating and tackling poverty

2.27   No council has a dedicated budget or can identify the total amount of revenue spending used to tackle and alleviate poverty. As with the Welsh Government, this is largely due to the wide definition of programmes that support those in poverty, limitations in budget designations and a lack of understanding on how money is allocated and used.

2.28   Some councils, such as Swansea and Carmarthenshire, do know the total Welsh Government grant funding provided to them and committed on poverty initiatives. But no council officer we interviewed was able to quantify the proportion of spend or how many staff in frontline services are helping to alleviate and tackle poverty. Given the significant amount of activity related to poverty, this would be a significant task that councils do not have the capacity to undertake.

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

2.29   The vast majority of officers we interviewed acknowledged that the funding provided by the Welsh Government is essential to helping councils tackle and alleviate the impact of poverty. Without this funding it is clear the situation would be much worse than at present. Despite this, during our interviews, some common weaknesses were identified.

2.30 Poverty-related Welsh Government grants are often linked to defined programmes for councils to deliver, such as Families First. These are often seen as separate to council-initiated programmes within corporate plans. As a result, often when the Welsh Government funding stops the programme stops, leading to short-term, limited interventions.

2.31 Funding is generally allocated to initiatives that are tightly focussed and/or have a high administrative burden to process and deliver. Often grants have short timescales which can make it challenging to submit comprehensive, impactful bids or to fully spend funding prior to the financial year-end. Many we interviewed and surveyed noted that the annual cycle of bidding does not support councils to tackle the more difficult and longer standing problems. This promotes spending on easy to deliver initiatives, rather than on activity which can make a greater impact. It also means that officers are under significant pressure to deliver existing work and to respond to grants due to a lack of resources after cuts during years of austerity.

2.32 Weaknesses in guidance and grant restrictions can also limit the impact of funding. Some grant restrictions mean that groups that experience poverty, such as residents in Houses of Multiple Occupancy or members of the travelling community, are unable to receive funding. Digitally excluded residents can also be prevented where schemes are administered and resourced online.

2.33 This increases the importance of having knowledgeable customer-facing staff in order to navigate the complex range of funding streams and the different programme conditions. Some councils reported finding it particularly challenging to recruit to grant-funded roles in recent years due to the short-term nature of project working and uncertainty of whether grant funding will continue. Multiple application processes, programme eligibility restrictions, and difficulties in applying have all led to lower levels of take-up under some programmes, which has required councils to invest additional resources to increase their coverage. These each function as barriers to people receiving the intended support and limit the impact of programmes and interventions.

2.34 Unsurprisingly, some councils have sought to address this by streamlining activity to reduce bureaucracy and duplication. For example, Rhondda Cynon Taf brought together separate funding programmes into a single service to help target action on the most vulnerable and to avoid people slipping through the net. The Council acknowledges that there is more to be done, but this new single gateway approach is supporting the council to shift to focus on early intervention and prevention. Likewise, Bridgend brought together five different employment funding streams under Employability Bridgend to create a single gateway to services. Caerphilly also recently created a £3 million cost of living hardship fund to undertake a series of initiatives aimed at providing support to those most in need[19].

2.35 Grant funding to support people in poverty has also historically been provided by EU Structural Funds (ESF). Between 2014 and 2020, Wales spent £595.12 million of ESF on a range of skills, youth employment and attainment, and employability programmes. The UK Government has replaced ESF with the UK Shared Prosperity Fund (SPF) and the Levelling Up Fund (LUF). The SPF monies are calculated using a formula and are allocated directly to councils rather than managed by the Welsh Government. The LUF is allocated by the UK Government according to bids against assessment criteria.

2.36 Overall, the Welsh Government has calculated that Wales will receive substantially less funding though the SPF than ESF, a shortfall of £772 million between 2021-22 and 2024-25[20]. And with LUF based on bids, some areas of the country are likely to miss this funding in its entirety. Consequently, Wales is predicted to have less money available to tackle and alleviate poverty going forward[21].

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19 https://www.southwalesargus.co.uk/news/23019836

20 Welsh Government, Written Statement: Loss of funding to Wales as a result of the UK Government's arrangements for replacement EU funding, May 2022

21 Welsh Parliament, The Shared Prosperity and Levelling Up funds: what's the latest?, May 2022

Delivering local government services to help people in poverty

03

3.1   In this final section of our report, we consider how councils are shaping their services to consider the needs of people living in poverty, looking at the importance of experience mapping and the work of poverty truth commissions. We look at how councils are changing and modernising service delivery and how they need to shape these responses to consider people in poverty. Finally, we consider how councils evaluate past work to help determine future policy choices and consider the robustness of socio-economic impact assessments.

The lived experience of poverty is mostly not shaping council service delivery

3.2   Because people often only seek help at the point of crisis, it is crucial that councils create person-centred services. This is especially important in respect of poverty which carries a stigma of embarrassment and shame. People we spoke to noted that by the time they seek help, they are often dealing with extremely personal and seemingly impossible problems, which creates considerable stress and anxiety. If councils are to fully understand the nature of living with poverty, and how the decisions they take and the services they deliver improve or worsen this experience, then they need to understand what it is like to navigate your way through what can often be complex and daunting council processes.

3.3   Working to understand these experiences at scale is best done through experience mapping – **Exhibit 6.**

Exhibit 6 – Experience mapping

Experience mapping can help a council understand the overall experience a customer has with its services, physical and digital. It then allows councils to make better-informed decisions when setting policy and agreeing budgets to ensure they are doing all they can to help people in poverty. Identifying barriers that are common to people seeking support from councils can prompt changes to services making it a less daunting and more inclusive experience for people.

Elements of a successful experience would include:

- focusing on poverty from the user's lived experience to determine whether services are geared and structured to help tackle poverty;

- judging how well councils are targeting resources where they can have the most effect;

- collaborating with people to understand the causes behind their experiences of poverty;

- ensuring consistent face-to-face contact is the norm to offer a personal service and to talk through the process and act as an advocate to help them navigate through services;

- working to understand 'what matters' to that person;

- understanding the barriers to that person accessing services –where the pinch points are, and whether services are sufficiently co-ordinated and integrated; and

- involving the individual in creating an action plan that helps lift them out of poverty.

3.4   One approach to gathering 'lived experience' views to help inform policy and budget choices is through the use of 'Poverty Truth Commissions.' Poverty Truth Commissions are models of direct citizen engagement in decision-making, usually hosted by councils but independent of them. They bring together people with lived experiences of poverty, decision-makers, public and private-sector leaders and wider civil society. A nationally recognised model of practice, Poverty Truth Commissions enable residents to directly inform and shape the policies and programmes of councils and partners to ensure those experiencing poverty offer challenge and feedback.

Appendix B

page 40

'Time for Change' – Poverty in Wales

3.5 An additional benefit of the Commissions is the relationships that are forged between the community – both sets of Commissioners will gain valuable insight from the other, who can then feed this intelligence back to their social and professional networks. They have proved successful in enabling councils like Glasgow and Leeds to design services that better meet the needs of people in poverty.

3.6 The Swansea Poverty Truth Commission[22] brings together those living at the sharp end of poverty with key decision makers to work together towards tackling and overcoming poverty in Swansea. It is placing those affected by poverty at the heart of decision-making about poverty by creating safe spaces for people with lived experience of poverty to tell their stories, build relationships with each other, and with influential decision makers in the local area. The Swansea commission has just been established and is in the early stages of organising its programme of work. However, other councils have not adopted this model and people we interviewed noted that service users are not consistently shaping policies, service delivery choices and budgets for tackling and alleviating poverty.

The experience of commissioners in Swansea…

'Going to the services is like continually hitting a brick wall. Not just having to repeat the story all the time, it's being unable to reach a person who is not a jobsworth.'

'There needs to be recognition that services cavuse a lot of people's trauma. Whether that is social care, education or health. A lot of the services cause trauma. Not even just about communication. The system has processes to work through that are damaging.'

'It's like the underground with the train coming into the platform and it's 'mind the gap.' This gap has just got wider and wider over the years.'

Source: Audit Wales interview with the Swansea Poverty Truth Commission, April 2022

22 Swansea Poverty Truth Commission's website

Councils are changing how they deliver services as a result of the pandemic and ongoing budget pressures, but the new models of delivery are not always helping people in poverty

3.7   The pandemic created many challenges for councils. Offices, schools and workplaces closed, and face-to-face interactions between many staff and people requiring services stopped. Consequently, councils had to respond creatively to ensure that the services people needed and depended on were available and accessible. In the wake of the pandemic, these innovative solutions, strategies, and technologies have helped to create a new service delivery landscape.

3.8   Councils and citizens alike are now living in a challenging and transformative climate where 'brick-and-mortar' provision is less prevalent and relevant, and digital is becoming the default options for many services. For some councils, this is part of a journey that they embarked on pre-pandemic. For others, it is just the beginning. For all councils, however, it is important they continue to connect with and work to help those who most need their assistance, in particular people in poverty. This should be central to the decisions and choices they make.

Shifting services online continues to grow in importance but digital exclusion remains a major challenge, especially for people in poverty

3.9   There are clear benefits to shifting to digital services, for both service users and councils. Encouraging those who are at most risk of poverty to access services online helps people to be more self-reliant, gives them access to up-to-date advice and can help users who are unable to travel long distances access the services they need. For councils, they are able to reduce administration costs, and with a well-designed system, can ensure services are better integrated.

3.10   However, digitising services can cause difficulties. Data published by the Office for National Statistics[23] (ONS) shows that the number of people who have never used the internet remains stubbornly high in Wales – 8% of the population. This is higher than Scotland and England but lower than Northern Ireland. The areas in Wales with the poorest levels of connectivity are Powys (20.3%); Central South Wales Valleys (15.4%); and Gwent Valleys (14%). The areas with the best connectivity and internet usage are Monmouthshire and Newport (4.2%); Swansea (5.3%); and Cardiff and the Vale of Glamorgan (5.4%).

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23 Office for National Statistics, Internet Users, 2020, April 2021

3.11 In terms of economic activity status, at a UK level those with the poorest levels of internet usage are retired people (28.9% of whom never or rarely use the internet) and people who are economically inactive (9.5% of the total). Research published by Lloyds[24] also found that Wales has the highest number of people who have not used the internet in the last three months – 13% of the population – and those earning under £20,000 are more likely to be offline and less able to use digital services.

3.12 Ensuring the growing shift to digital does not leave anyone behind or, if people struggle to access services digitally, support is put in place to help them is therefore critical. We found that most councils recognise the problem of digital exclusion, with 14 of the 22 Welsh councils having adopted a digital strategy and many of these focus on tackling digital exclusion. For example, Cardiff Council's digital strategy makes a commitment to reduce potential exclusion from digital services by:

    a employing officers with specific responsibilities for digital inclusion;

    b providing 4G devices to those who are unable to afford to purchase equipment;

    c offering digital surgeries across the city;

    d introducing free weekly drop-in sessions to provide help assistance to people who are less IT confident; and

    e creating a dedicated public phone line for digital queries.

3.13 However, the range and comprehensiveness of support in Cardiff is not always replicated elsewhere. While 15 of the 22 councils specifically reference the negative impact of digital exclusion as an area for action in a corporate plan or strategy, only 12 councils are providing people with access to a digital skills inclusion programmes and only five provide devices to help people access online services. In addition, no council has a single landing page or dedicated web resources focussed on poverty that bring together all the councils work in one easy-to-find area which proactively promotes in a single place what people need to do get the help they require.

3.14 One priority of the Welsh Government's Child Poverty: Income Maximisation Action Plan is to ensure families in Wales are supported to claim all the financial support they are entitled to through the development of a 'tell us once' approach. Having a 'single entry point' to services helps to reduce complexity in the system and places the citizen at the heart of service delivery by requiring councils to make the links and provide services rather than someone having to write, telephone or even attend each service individually to ask for help.

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24 Lloyds Bank, UK Consumer Digital Index 2021

3.15 The findings from our review highlight that councils still administer, manage and provide services in a wide variety of ways and no council has created a single gateway into services. For example, people have to complete multiple application forms that often record the same information when applying for similar services. Having to tell and re-tell your story in order to access related services, as information is not shared between organisations, can discourage people from seeking help. For instance, links with other types of support provided by other organisations such as managing debt, food banks and wider advice vary widely. There is also an enduring resistance to sharing information across systems, between council departments and with partners because of concerns over data protection and a fear of being penalised.

Comprehensive and integrated publicity, advice and information services can significantly help people who are struggling but the picture across Wales is mixed, and councils find it hard to prioritise preventative work because of the high numbers of people in crisis

3.16 The public service landscape is wide, varied and complex with a mix of organisations from different sectors delivering a huge range of services which are rarely co-ordinated with one another. People can find it difficult to navigate the system and access the support they need, particularly when they are struggling to make ends meet.

3.17 We found some positive examples of how council and third-sector services are integrating and collaborating to provide a comprehensive response focused on helping people in need. For instance, in Cardiff, the local Citizens Advice Bureau, the Cardiff and Vale Credit Union and Cardiff Council advice services operate from community Hubs across the city. Through this collaborative work the council and its partners are providing a one-stop advice service which is helping people to access more money and support.

3.18 Similarly, Denbighshire County Borough Council are working through the Rhyl Community Development Board to target those in the most need and provide support and assistance. Some councils also regularly run advertising campaigns to ensure people are aware of what is available and to what they are entitled. Flintshire's Holiday Hunger campaign which supported the distribution of thousands of meals during school holidays and Neath Port Talbot and Swansea councils' joint communication campaign to increase take-up of pension credit.

3.19 However, these approaches are not always replicated, and some councils operate independently of partners, which can create difficulties for people in poverty. Those we spoke to noted that they often find it hard to find information, do not know where to start, or who to go to, particularly when multiple organisations offer similar services. Feedback from people who use advice services noted that when they are able to access services quickly and can get in-depth advice and support, this is often sufficient to prevent smaller problems turning into an unmanageable crisis.

3.20 Citizens Advice Cymru and Swansea Council both noted that people are often reluctant to engage with a council and seek help if they also owe money to them, fearing that the council will pursue them for non-payment of debt. To address this, Swansea Council is developing a Corporate Personal Debt Recovery Policy which will set out the principles for supporting people that have overdue personal debt with the council.

3.21 During interviews, most officers felt that council activity is mostly focused on dealing with people in crisis rather than preventing people getting into poverty in the first place. This is mostly a reflection of the high levels of demand for services from people who are struggling day to day and are unable to manage without support. For example, Citizens Advice recently reported that demand for their services has increased by 200% in the last two years[25]. We also found that the main focus of prevention work is the provision of timely advice, especially ensuring people access the benefits they are entitled to, and supporting people into employment. These services can be provided directly by councils but also by third-sector bodies, in particular, organisations like Citizens Advice.

Community hubs offer an opportunity for councils to help people at the point of crisis

3.22 Shifting services to communities, particularly though the development of community hubs, allowed councils to co-ordinate responses and ensure services remained available during the pandemic. These hubs strengthened the visibility of council services in the community during the pandemic and were often the first port of call for vulnerable people. With poverty in mind they can also act as the first port of call to ensure people get help.

3.23 Some provided services directly while others offered a triage service, assessing need and making referrals to other council or partner services. During the pandemic, they helped distribute fuel poverty funding and fast-tracked self-isolation payments. For example, Cardiff created 22 community hubs, Ceredigion has five community hubs, Newport four community hubs, and under the North Wales Economic Ambition Board there are five Covid Support Hubs.

25 https://www.itv.com/news/wales/2022-10-03/its-a-scary-time-citizens-advice-sees-200-jump-in-people-needing-help

3.24 Hubs are also often multi-purpose, providing and hosting a range of activities and services that are used by lots of different people. The range of services reflects local need and may be delivered by local people, other organisations or public agencies. They also support better joint working and more integrated services. They can transform existing, unused buildings and provide a focus for community-led regeneration. Their core strength is that they provide a stronger presence in communities and are able to respond more quickly to people who are struggling. Community hubs can therefore help build more cohesive and resilient communities.

Understanding the potential impact of policy decisions and knowing what works vary widely

3.25 Understanding the impact of policy and budget decisions, both at the point you agree action but also when you evaluate the impact and success of your decisions, is essential if councils are to maximise their efforts in tackling and alleviating poverty. A thorough and informed impact assessment will help public services to avoid making bad decisions and support them to deliver their legal responsibilities. And having comprehensive, good quality and relevant data that is evaluated, scrutinised and challenged will strengthen accountability and enable corrective action to be taken quickly.

All councils undertake some form of assessment to determine the likely socio-economic impact of policy choices and decisions, but the approach varies and is not always effective

3.26 The Socio-economic Duty came into force in Wales on 31 March 2021. It aims to improve decision making and help those who are socio-economically disadvantaged. Councils now have to think about how their strategic decisions, such as setting objectives and developing public services, can improve equality of outcome for people who suffer socio-economic disadvantage. In particular, when making strategic decisions on tackling poverty, councils must demonstrate how they are effectively considering the views of those affected by those decisions. This can only be achieved by involving people through effective engagement and consultation, considering their views carefully and ensuring that policy reflects the views of citizens.

3.27 We found that all councils undertake some form of assessment to determine the likely socio-economic impact of decisions. Many use an integrated impact assessment that brings together all statutory and key corporate policy considerations in one place, focussing on the implications in relation to, most usually, corporate plan priorities; well-being objectives; the Welsh language; equalities; wider council legal, people and finance issues; and the new socio-economic duty. Some also consider the Human Rights Act and the UN convention of human rights for children.

3.28 Swansea Council has a comprehensive integrated impact assessment that not only considers in detail the likely impact of a policy decision on the various statutory responsibilities but also includes sections covering:

   a involvement activity setting out those the service has engaged with in determining its strategic policy such as partners, service users and those it is co-producing with;

   b an assessment of the cumulative impact/mitigation to ensure the policy is considered in the round showing how it links across services provided across the council;

   c how the council service will monitor and evaluate impact to be able to make changes swiftly; and

   d an action plan setting out the activities the Council will take as a result of the Integrated Impact Assessment.

3.29 Caerphilly also includes six detailed socio-economic assessments rather than a single catch-all consideration. These cover specific assessments looking at low income/income poverty; low and/or no wealth; material deprivation; area deprivation; socio-economic background; and socio-economic disadvantage. This enables the Council to consider socio-economic issues in significant depth to better target action.

3.30 We also found weaknesses in other councils' socio-economic impact assessments. Several impact assessments we reviewed concluded that there is no need to conduct a thorough assessment even when the policy has clear socio-economic implication. For example, reductions in services and cuts in budgets. In others we found that some completed assessments were very brief, skirting over the potential socio-economic impact of a policy and lacked detail on critical socio-economic implications in relation to COVID Recovery plans, changes to criteria for grants and other assistance. And this was despite several councils framing the policy presented for decision in helping it to address poverty.

3.31 The evidence drawn on and used to complete assessments also varies in terms of depth and quality and not all use the rigour adopted in Swansea and Caerphilly. For instance, we found consultation and involvement information was often out of date drawing on pre-pandemic data or insufficient to provide meaningful feedback to help shape conclusions in the impact assessment.

Understanding need and drawing on a wide range of data to shape responses remain an area for improvement and most councils struggle to demonstrate the value of their work in alleviating and tackling poverty

3.32   Good understanding of local and national data is needed to develop specific, timely actions that can make the most impact. It also enables councils to identify effective programmes with positive outcomes, which is essential to creating effective oversight and scrutiny of activity. Most councils draw on WIMD data to identify local areas of deprivation. Whilst this is a useful foundation, this data is mostly historic and out of date. It is now particularly weak as it was last updated prior to both the pandemic and cost-of-living crisis[26].

3.33   We found, however, that councils are not making full use of the significant amounts of data they collect and hold. At present, councils focus more on recording delivery of specific projects capturing numbers assisted and not enough on impact, wellbeing and the wider benefits of investment. These weaknesses and limitations in coverage and focus do not allow for a comprehensive evaluation of performance, especially as councils often report information in silos and do not collate data to enable a comprehensive picture of activity and impact across the council to be drawn. Similarly, we found that there is little comparison or benchmarking of performance with other councils to help identify opportunities for improvement. This is not helped by the lack of national indicators and targets. As a result, while councils can identify the actions they are taking, these weaknesses make it difficult to truly know how well they are performing and whether the resources they are spending are making the best impact they can and represent value for money.

3.34   Efforts to improve data gathering and analysis to better target actions and impact are therefore an area for improvement. The Isle of Anglesey and Ceredigion councils have developed dashboards of publicly available data to help prioritise future action. The Isle of Anglesey worked in collaboration with Data Cymru to develop such a dashboard.

3.35   Going further, Neath Port Talbot uses a low-income tracker that combines council and publicly available data to improve how and where they target support for those who are known to the council and already receive services. In addition, Data Cymru has recently published a data tool that collates publicly available key data in one place.

3.36   Cardiff collects good data to demonstrate the impact of its interventions. In 2020-21, the Council assisted roughly 17,000 people through its advice centre and through the Adviceline, and claimed an additional £14 million in welfare benefits for people. Similarly, the 'Caerphilly Cares' programme in 2020-21 secured an additional £5 million of income for council-house tenants in the county borough and prevented any evictions from council housing.

26 The Wales Index of Multiple Deprivation was last updated in 2019.

Appendices

1   Audit approach and methods

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Approach

Our approach was to understand councils' strategic planning and delivery of actions to support those who live in poverty. We examined the ability to alleviate the immediate impact of poverty on people, as well as councils' ability to tackle it as an issue in the long term.

This report sits alongside other forthcoming reviews examining how councils empower the resilience of communities and the role of social enterprises in delivering public services. Combined they serve to examine how councils empower citizens to tackle and prevent issues developing into a crisis that requires statutory intervention.

We examined all 22 principal councils in Wales at a high level, managing delivery to be mindful of the pressures council officers are under during both the pandemic and the cost-of-living crisis. We ensured coverage was sufficient to draw a view on the whole sector but not to significantly detract from officers' delivery. Our approach was flexible to fit around officers when agreeing and delivering our fieldwork.

Methods

We completed our review between April 2021 and September 2022 and used a range of methods in delivering our review:

- **document review:** we reviewed documentation from the Welsh Government, councils, Public Service Boards and other relevant public bodies. We also reviewed a range of publications from charities, representative groups, other public bodies in other UK countries, and publications by the UK Government.

- **interviews –** we undertook a range of different interview types:

  - officer interviews – we interviewed officers nominated by all Welsh principal councils, generally those with responsibility for poverty or an associated service area, such as employability, benefits, or Welsh Government programmes. These took place between January and May 2022.

  - national interviews – we interviewed representatives of Welsh charities, food banks, third-sector groups, and civil servants. We also interviewed representatives of UK charities, organisations, and officers of councils in other UK countries. These took place between March and July 2022.

  - academic interviews – we interviewed academics focused on poverty and destitution from three UK universities. These took place between March and April 2022.

- **focus groups –** we undertook two types of focus groups:

  - officer focus groups – in line with our approach, some councils felt it was more appropriate for us to speak to a range of officers in focus groups to reduce our impact on service delivery.

  - lived experience focus group – we held a focus group in April 2022 with representatives of Swansea Poverty Truth Commission to understand and listen to their experiences.

- **survey –** we surveyed 16 clients of Rhondda Cynon Taf Citizens Advice for their experiences of poverty in June 2022.

- **data analysis –** we collected and analysed a range of publicly available datasets from the Welsh Government, the UK Government, the Office for National Statistics, and third-sector organisations.

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