



Poverty and social exclusion in Wales

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Summary: Poverty

- » Prior to the Coronavirus pandemic, relative income poverty rates in Wales were 23%, slightly lower than they were 20 years ago when they were closer to 25%. However, much of this reduction was concentrated in the early 2000s, with overall poverty rates remaining largely stagnant over the last ten years.
- » While improvements have been seen in pensioner poverty rates following an increase in the early 2000s, child and working-age poverty rates have remained consistently high for the last 20 years.
- » The reduction of the value of working-age benefits, persistent issues of poor-quality work and rising living costs, especially the cost of housing, are key drivers of poverty in Wales. However, improvements have been seen in recent years, including an increase in adult skills, a rise in employment rates and a reduction in worklessness.
- » The Coronavirus pandemic has had three main impacts on poverty in Wales: it has increased the number of people living in poverty; deepened poverty for those people already living in poverty; and worsened the consequences of being on a low income.
- » Low-income households have been the most affected by the pandemic – both in terms of the risk of contracting Coronavirus and the economic consequences – with Black, Asian and Minority Ethnic groups, women and young people the worst affected within the low-income group.
- » Unemployment and rising utility, food and housing costs are key issues as the Coronavirus pandemic continues.
- » Projections suggest that if one in four people working in shutdown sectors lose their jobs, unemployment in Wales in the near future could exceed levels seen during the 2008 recession.
- » The reversal of the temporary changes to Universal Credit and the winding down of government support schemes are also likely to contribute to increasing poverty in Wales going forward.

Summary: Social Exclusion

- » Poverty and social exclusion are distinct concepts, yet they are deeply interconnected. While poverty is generally narrowly defined in terms of low income and lack of material resources, social exclusion also includes wider forms of deprivation, and exclusion from social, economic, political and cultural participation in society.
- » Social exclusion can increase individuals' risk of poverty through their exclusion from economic participation in society. Similarly, poverty increases people's risk of social exclusion by limiting their access to the resources necessary to participate in society.
- » As data for many of the non-material aspects of social exclusion in Wales are sometimes unavailable, patchy or inconsistent, we are unable to chart their trajectory in the same way as we have done for poverty (or material resources).
- » Social exclusion, experienced by those living in or close to income poverty, continues to be a major issue in Wales and affects many aspects of people's lives. The following resources can impact the risk of social exclusion:
 - Material and economic resources (e.g. low income, material deprivation, home ownership);
 - Access to public services (e.g. education, health and social care, social security) and private services (e.g. utilities, bank account); and
 - Social resources (i.e., extent and quality of social relationships)
- » The level of economic, social, cultural, educational, political and civic participation is also a key determinant of social exclusion. For example, being the provider of unpaid care can lead to social exclusion, while participation in volunteer work can reduce social exclusion.
- » The connections between poor physical and mental health as both a cause and consequence of poverty and social exclusion are the subject of ongoing debate. Disabled people, the chronically ill and their families are at higher risk of poverty and social exclusion in Wales.
- » The Coronavirus pandemic has exacerbated social exclusion for those already affected in Wales and has also led to many experiencing social exclusion for the first time.
- » The long-term physical and mental health impacts of Coronavirus and the disruption of education because of the pandemic are also likely to be issues affecting the future of social exclusion in Wales.

About this report

This report provides an overview of past, current, and possible future trends in poverty and social exclusion in Wales. This report forms part of the Wales Centre for Public Policy's work to deliver a review of international poverty and social exclusion strategies, programmes and interventions for Welsh Government. The report is intended to inform and shape this wider project by providing insight into the scope and trajectory of poverty and social exclusion in Wales.

This report draws on evidence from Welsh Government reports and statistics, the Well-being of Wales reports mandated by the Well-being of Future Generations (Wales) Act 2015, and reports by organisations including the Bevan Foundation and the Joseph Rowntree Foundation, among others.

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1. Introduction

Poverty and social exclusion are major issues in Wales. Almost a quarter of people in Wales are currently living in poverty.

While there has been a gradual decline in poverty rates in Wales over the past 20 years, this has been largely driven by reductions in the early 2000s, with the overall poverty rate remaining fairly stagnant over the last decade. Although there has been a reduction in poverty rates among specific groups within society, this has not been enough to reduce overall levels of poverty in Wales and social exclusion remains a significant problem.

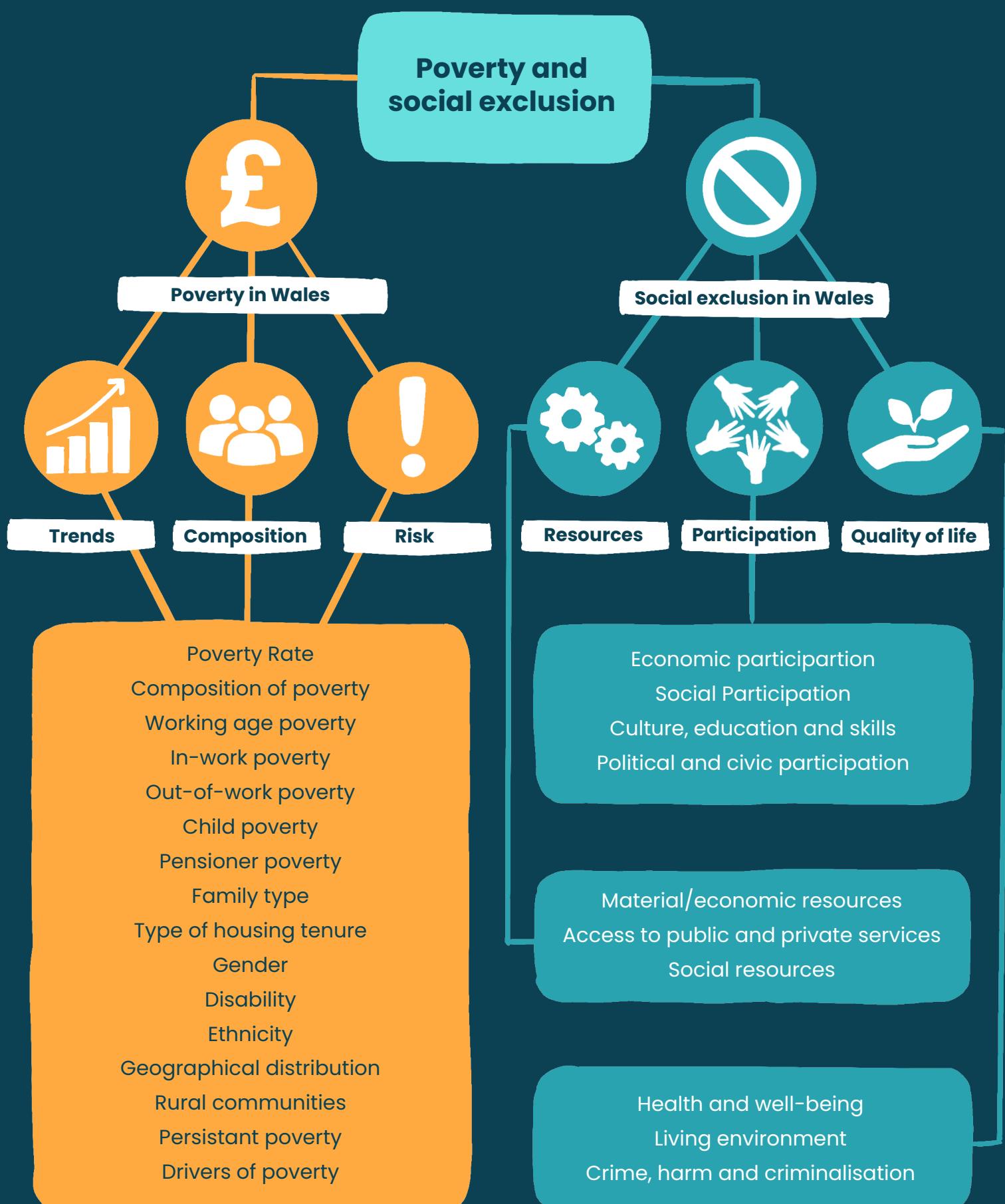
While poverty is traditionally conceptualised in terms of low income and financial resources, this report adopts a wider conceptualisation of poverty, which extends to social exclusion. Social exclusion is the exclusion of individuals, households or groups from participation in economic, social, political and cultural aspects of society. This is in line with the Welsh Government's conceptualisation of poverty.

The report thus extends its focus beyond poverty as defined in terms of low-income and material deprivation to examine social exclusion in Wales. This recognises that poverty is often associated with exclusion from society – an association that is not captured by narrow, income-focused approaches to poverty.

This report explores how poverty and social exclusion are conceptualised, defined and measured in Wales. It then situates a broad definition of poverty and social exclusion at the core of its analysis of poverty trends past and present, social exclusion and its consequences, and the trajectory of poverty in Wales. In order to examine poverty and social exclusion in Wales, this report draws upon the Bristol Social Exclusion Matrix (B-SEM) as its main analytical framework.

The report is structured as follows: [Section 2](#) looks at how poverty and social exclusion are measured; [Section 3](#) looks at poverty in relation to trends, risks and composition; [Section 4](#) gives a brief overview of the drivers of poverty; [Section 5](#) provides a comprehensive exploration of social exclusion and poverty in Wales; [Section 6](#) looks at the impact of the Coronavirus pandemic; [Section 7](#) discusses the future of poverty in Wales; and [Section 8](#) concludes.

Figure 1: Structure of report



2. Measuring poverty and social exclusion

The Welsh Government uses a broad definition of poverty, defining it as:

"a long-term state of not having sufficient resources to afford food, reasonable living conditions or amenities or to participate in activities (such as access to attractive neighbourhoods and open spaces) which are taken for granted by others in their society"

(Welsh Government, 2015, p. 1)

This definition highlights the idea that poverty is associated with both financial hardship and the lack of access to a much broader set of resources and opportunities. It captures both *poverty* (according to conventional income-based definitions) and *social exclusion* (the inability to access things taken for granted by others in society, often but not always produced by financial poverty). This report will draw on both aspects of this conceptualisation and examine them both relative to income poverty and social exclusion in Wales.

The following section provides an overview of different measures of poverty and social exclusion, discusses their advantages and disadvantages, and notes how these measures link to the Welsh Government definition above. Specifically, it looks at relative and absolute income poverty; material deprivation; new and alternative poverty approaches; and social exclusion.

2.1 – Relative and absolute income poverty

The most commonly used measure of poverty in the UK is that of 'relative' income poverty. Here, a person is defined as living in poverty 'when someone lives in a household whose income is less than 60% of median income, adjusted for their household size and type, and after housing costs (AHC)' (Joseph Rowntree Foundation, 2018, p. 2), where income includes both income¹ from employment (or pensions among the retired population) and benefits payments. Using this 60% median income threshold, income poverty can also be measured before housing costs (BHC), rather than after housing costs (AHC) as in the previous definition. In general, poverty rates calculated using the AHC definition are higher than those calculated using the BHC definition, as housing expenditure usually accounts for a larger proportion of household expenditure for those on lower incomes (House of Commons, 2020).

'Absolute' income poverty refers to people whose household income is below 60% of the median income in a specific base or reference year (House of Commons, 2020). This is sometimes described as an 'anchored' measure of poverty as the threshold is fixed to a specific point in time (the base or reference year) and then is subject to annual adjustment to reflect changes in prices (Fox, 2017).

¹ Income as discussed refers to disposable income, which is income remaining after direct taxes have been deducted.

The 60% median relative poverty threshold is an internationally recognised measure of relative poverty in high-income countries and is used by the UK and EU governments. As such, it enables comparison both within the UK and further afield (Chwarae Teg and Bevan Foundation, 2019). Relative poverty measures are meaningful in high-income countries because the expected standard of living, and that which is at the minimum socially acceptable level for high-income societies, is far higher than the standard of living associated with the basic necessities for supporting life (i.e., food, water, shelter) (Nastic, 2012). Relative poverty measures are particularly useful in monitoring major long-term and large-scale trends in poverty rates. In Wales, relative poverty data are available across all age groups, which enables analysis of the composition of poverty within the population (Chwarae Teg and Bevan Foundation, 2019). Data are also available which allow for analysis of 60%-median-income-defined poverty among different groups/by different characteristics, including age, gender, household type, housing tenure and work status (Chwarae Teg and Bevan Foundation, 2019). It is important to note that income-based measures are household-based rather than place-based. They therefore do not have the same smoothing or masking effects (which can hide the experiences of/ trends affecting individuals) seen in area-based measures of poverty.

Despite being widely used, there are known limitations of income-based measures of poverty. These measures capture poverty only at the household level and in doing so assume that income and resources are distributed evenly within the household, which may not be the case. They are also inherently relative as they define poverty through a measure of income relative to that of others in the same population.

Income-based measures also exclude the many other non-income/financial factors that can contribute to poverty and deprivation, such as health, housing and education (Chwarae Teg and Bevan Foundation, 2019). These measures generally do not consider any financial resources other than income, including savings and debt. In addition, the 60% income threshold is relatively arbitrary, though there is a fair amount of validation evidence for this threshold. This measure of poverty acts only as a snapshot of a specific moment in time; it does not measure individuals moving in and out of poverty (Chwarae Teg and Bevan Foundation, 2019). Linked to this, it is important to note that relative poverty thresholds can be misleading in the short term when the median income is falling (such as after the 2007–08 financial crisis). It is therefore important to also look at anchored measures when living standards are known to be falling.

There are also Wales-specific data issues regarding the use of the 60% median income measure. Due to the small sample sizes in the official data series, relative income statistics for Wales are available only as a three-year moving average. This prevents analysis of year-on-year trends (Chwarae Teg and Bevan Foundation, 2019). Moreover, the small sample sizes inherent in the Welsh data prevent disaggregation by many characteristics. This limits the insights it can yield into the composition of the population living in poverty in Wales. Small sample sizes also make it difficult to be certain that small movements in the poverty rate, especially for groups such as children, are genuine, as changes in the headline rate for such groups may be within the margin of error.

2.2 – Material deprivation

Alternative measures can be used to capture other aspects of poverty in Wales, which supplement the income-based approach.

Material deprivation is a key measure often used in Welsh Government reporting of poverty, particularly in relation to the Wellbeing of Wales reports and Wellbeing of Future Generations (Wales) Act (2015). Measures of material deprivation in Wales combine a 70% median income threshold with an assessment of ‘whether a household is able to afford things like keeping the house warm enough, making regular savings, or having a holiday once a year’ (StatsWales, 2019b). Unlike solely income-based measures, which capture primarily current, short-term financial stress, measuring material deprivation helps to highlight the consequences of long-term poverty for the living conditions and wellbeing of a household. Although it should be noted that financial stress as captured in income-based measures is not always short term, and that while measures of material deprivation tend to be more associated with long-term hardship, they do comprise some items that are related to experiences of deprivation in the short term.

2.3 – New and alternative approaches to poverty

New and alternative approaches to measuring poverty are being explored in Wales. The Welsh Index of Multiple Deprivation (WIMD) is a Wales-specific measure of multidimensional poverty (StatsWales, 2020c). The WIMD measures the relative level of deprivation in small areas² of Wales by examining the concentration of eight different types³ of deprivation in each area. The WIMD is updated every four to five years and the most recent edition was published in 2019 (StatsWales, 2020c).

Through the inclusion of a range of forms of material deprivation, the WIMD (and similar multiple-deprivation indices) allows for a broader conceptualisation of poverty than traditional, income-based approaches. However, it is important to note that they still focus solely on material deprivation (i.e., a lack of resources); they do not measure non-material dimensions of deprivation. As they examine multiple forms of material deprivation, it can be argued that these measures allow poverty statistics to better reflect actual levels of poverty and social exclusion being experienced within a population (Oxford Poverty and Human Development Initiative, 2016).

However, multiple and material deprivation indices are limited in that they cannot capture all aspects of poverty and social exclusion. Furthermore, the application of such measures can be limited by data availability (*ibid.*). Deprivation indices are also not suitable for international comparison, which can limit their utility. Furthermore, the WIMD, and all other place-based measures indices which assign deprivation scores to geographical areas, can have a smoothing effect that masks the diversity of experience within particular areas.

The Social Metrics Commission, which was established in 2016, has developed a different poverty measurement framework that can be applied in Wales. This framework builds on income-based measures of poverty. It is designed to enable users to understand who is in poverty by measuring incidence and to understand more about the nature of this poverty by assessing the depth, persistence and lived experience of those captured by the measure of incidence (Social Metrics Commission, 2020).

² Small areas are defined from census Lower-layer Super Output Areas (LSOAs).

³ The eight domains of the WIMD are income, employment, health, education, access to services, housing, community safety, and the physical environment.

The Social Metrics Commission approach also attempts to account for material resources beyond income and inescapable costs that some households contend with (e.g. costs related to long-term health conditions) (Social Metrics Commission, 2019). However, a lack of suitable data in Wales presents a serious issue for the practical deployment and utility of this measure.

Another alternative approach to poverty is the Minimum Income Standard (MIS). The MIS is produced through an annual survey which is used to identify people's minimum acceptable standard of living by different household types. This is then used to define a MIS for each household type (Portes and Reed, 2018). The advantage of this approach is that it avoids an arbitrary threshold for poverty, which is one of the weaknesses of the traditional relative income poverty approach. However, annual data on people living below the MIS are not produced.

2.4 – Social exclusion

Social exclusion can be defined in various ways and can incorporate multiple forms of deprivation. Levitas et al. (2007) define social exclusion as:

"a complex and multi-dimensional process. It involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in a society, whether in economic, social, cultural or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society as a whole."

(Levitas, et al., 2007, p. 9)

While definitions of poverty often include some aspects of social exclusion, poverty is traditionally conceptualised in terms of material deprivation, with emphasis often placed on low income and the lack of material resources. In contrast, social exclusion focuses on people's ability to participate in various aspects of society, as described in the above definition. The link between the two concepts is that poverty can increase people's risk of experiencing some elements of social exclusion and vice versa. It is important to note that other factors such as gender, age, ethnicity, disability/health status and employment status can also contribute to social exclusion, as groups negatively affected by these factors can experience structural disadvantages, discrimination and other barriers to social participation.

2.4.1 The Bristol Social Exclusion Matrix (B-SEM)

The Bristol Social Exclusion Matrix (B-SEM) was developed in 2007 as a means of better understanding the causes of social exclusion. The matrix is intended to be used to examine these across the lifespan – in childhood, youth, working-age adulthood and later life. It uses the definition of social exclusion given in Section 2.4 (Levitas, et al., 2007).

The B-SEM offers a way of looking at what is sometimes referred to as 'overall poverty' (United Nations, 1995). It focuses on ten different aspects ('sub-domains') of social exclusion, which fall under three key domains: the resources available to individuals; their ability to participate in a wide range of spheres; and their overall quality of life (Table 1).

Table 1: B-SEM domains

Domain	Sub-domains
Resources	Material/economic resources
	Access to public and private services
	Social resources
Participation	Economic participation
	Social participation
	Culture, education and skills
	Political and civic participation
Quality of life	Health and well-being
	Living environment
	Crime, harm and criminalisation

Source: Levitas et al. (2007)

The B-SEM and the broad range of factors determining social exclusion were drawn from a comprehensive literature review, which involved an exploration of definitions and dimensions relating to multi-dimensional disadvantage, and an analysis of major surveys related to social exclusion. A primary source utilised in the development of the B-SEM was the Millennium Survey of Poverty and Social Exclusion, which relied on the use of focus groups as part of its assessment of poverty and social exclusion.

The social exclusion approach offers a wider means of understanding disadvantage beyond financial and material resources and identifies other aspects of lived experience of poverty. The B-SEM provides a framework which can be applied when identifying and evaluating strategies and interventions.

It does not limit the causal processes affecting social exclusion/life chances, but leaves them open to empirical investigation. In addition, the B-SEM framework is based on a wide range of evidence, including lived experience research.

There are some limitations to the social exclusion approach in general and the B-SEM specifically. Taking such a broad and multi-dimensional approach to disadvantage can make comprehensive analysis challenging. It can also make it difficult to identify and prioritise relevant policies and interventions to tackle the various aspects of social exclusion effectively. With regard to the B-SEM specifically, it is not yet known how domains interact, and there is a risk that focusing on all ten sub-domains means effort is spent on some that are of lesser importance as causes of poverty. Also, the B-SEM framework does not distinguish between the drivers and consequences of poverty and deprivation – a distinction which is important for the development of interventions and policy.

In this paper, we explore poverty in Wales through the lens of relative low income. We use the 60% median income measure to do this as it is the most widely accepted measure of poverty and the measure for which the most data are available in Wales. This report also draws on the B-SEM to explore social exclusion in Wales by applying the framework to the Welsh context, examining the available evidence for each of the B-SEM sub-domains.

3. Poverty in Wales:

Trends, risk and composition

This section gives an overview of who is living in poverty in Wales. It provides information on changes in poverty rates for Wales as a whole and for different groups over the past 20 years; the risk of poverty for each group (i.e. the poverty rate for this group); and the composition of poverty in Wales. In this section we apply the 60% median income definition of poverty.

It is important to note the distinction between composition and risk/rates, as groups with high poverty rates may not make up a large proportion of people in poverty (due to the relatively small population size of these groups), as is the case with children. This can impact both policy priorities and the impact of specific policies, programmes or initiatives on the overall picture of poverty in Wales.

The section covers the following aspects of poverty in Wales: the poverty rate; the composition of poverty; working-age poverty; in-work poverty; out-of-work poverty; child poverty; pensioner poverty; poverty and family type; poverty and type of housing tenure; gender; disability; geographical distribution; rural communities; and persistent poverty.

Poverty trends

- There has been a slight overall decline in poverty rates in Wales over the past 20 years. The proportion of households living in income poverty fell from 25% in 2000 to around 23% between 2009 and 2012.
- This has been largely driven by reductions in the early 2000s, with the poverty rate in Wales remaining largely stagnant over the last decade.
- Despite this improvement, the poverty rate in Wales remains higher than in England, Scotland and Northern Ireland, and this has been the case for much of the past decade.
- While there has been a reduction in poverty rates among specific groups (especially pensioners) within society, this has not been enough to reduce overall levels of poverty in Wales in the last 10 years.
- Families with children have the highest rate of poverty in Wales, while rates are lowest among childless families and pensioners.
- Poverty rates are also consistently higher among young people, disabled and chronically ill people, single parents, social and private renters, women, and Black, Asian and Minority Ethnic people.

Composition: Who lives in poverty?

- Working-age people are the largest group of people in poverty, making up around 57% of people in poverty in Wales.
- In-work poverty is a key issue and has worsened over the last 20 years.
- Being in a workless household increases the risk of poverty, but being in work is not always sufficient to prevent poverty.
- Children have the highest risk of poverty but are the smallest group of people living in poverty in terms of absolute numbers.
- Despite a decrease in poverty rates among pensioners in Wales compared to 20 years ago, in recent years there has been an increase in the proportion of pensioners in Wales living in poverty.
- Poverty rates vary by family type with the highest rate (44%) experienced by lone-parent households.
- Households living in social rented accommodation have the highest poverty rate of all tenure types, and make up the largest proportion of people living in poverty in Wales.
- Between 2015 and 2019, the risk of persistent poverty for individuals in Wales was 12% after housing costs.
- The rising cost of living – particularly costs related to housing, a reduction in working-age benefits and poor-quality work – are the key drivers of poverty in Wales.

Risk of living in poverty

- Women have a slightly higher risk of poverty and material deprivation than men.
- Disabled people and their families face a higher risk of poverty than those without disabilities. Disabled people in Wales face specific barriers to participation in society and have been particularly affected by reductions in social security support in recent years.
- Black, Asian, and Minority Ethnic people in Wales have a higher poverty rate than the White population. However, Black, Asian, and Minority Ethnic people make up a relatively small proportion (2.3%) of all people in poverty in Wales, due to the small overall size of this population.
- Social tenants have the highest risk of poverty of all tenure holder types. The number of social tenants in in-work poverty in Wales has increased from 29% in 2012/15 to 39% in 2016/19.
- Lone-parent households have the highest risk of poverty of all family types in Wales. However, these families make up a relatively small proportion of families in poverty in Wales (13.1%).
- Rural poverty often manifests in the same way as urban poverty, but its causes and scale are often different.
- Poverty and social exclusion are deeply interconnected. People who are socially excluded face a higher risk of poverty and vice versa.

3.1 – Poverty rate

Over the past 20 years the overall poverty rate in Wales has declined gradually. In 2000, 25% of people in Wales were defined as living in relative income poverty. Poverty rates fell steadily in the early 2000s, reaching a low of 22% in 2003–06 before rising again to 23% in 2009–12. Rates have subsequently remained stable. For much of the past 20 years, the poverty rate in Wales has remained marginally higher than that of England, Scotland and Northern Ireland (Figure 2).

3.2 – Composition of poverty

While rates of poverty in Wales have remained largely stable for most of the past 20 years, the composition of poverty in Wales – the proportion of people in poverty belonging to different groups or having different characteristics – has changed over time.

As Figure 3 shows, children remain at the greatest risk of poverty as they consistently experience the highest poverty rate – currently 31%. However, the relatively small size of the child population in Wales means that they are not the largest group in poverty. Of the 700,000–710,000 people living in poverty in Wales today, children account for around 180,000–185,000. This has decreased from around 210,000 children ten years ago, when the child poverty rate was 33%.

Pensioners consistently have the lowest risk of poverty in Wales – despite variation in the poverty rate for this group over the last 20 years. The poverty rate among pensioners has been 19% for the last five years, having reached a low of 14% ten years ago. The number of pensioners in poverty in Wales is now 20,000 higher than it was ten years ago. Since 2010, the number of pensioners in poverty in Wales has increased from 100,000 to a high of 130,000 in 2014–18 before falling to 120,000 in 2016–19.

However, it should be noted that changes in the number of pensioners (or any group) in poverty is a product of both changes in rate and demographic change.

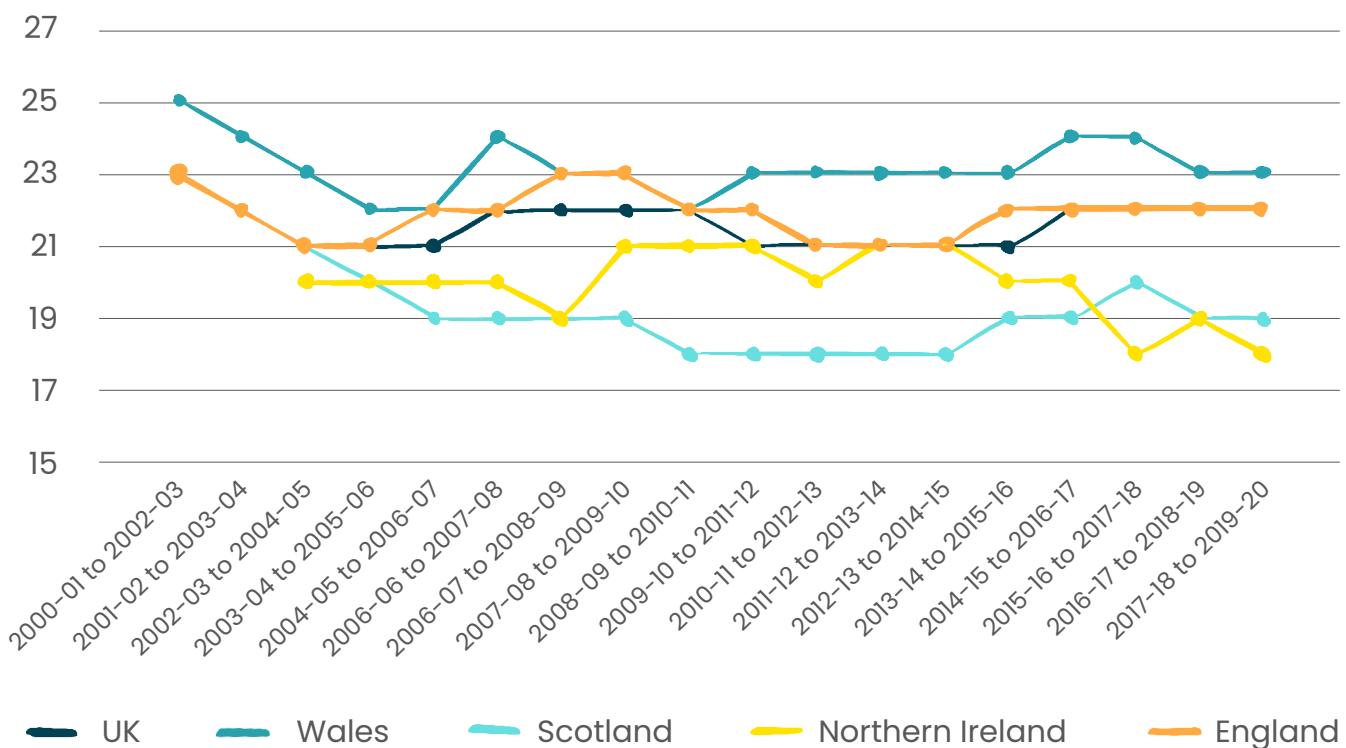
The risk of poverty for working-age adults has remained fairly stable over the past 20 years. However, the number of working-age adults in poverty has increased. A decade ago, 380,000 working-age households in Wales lived in poverty. The number has since been as high as 420,000 in 2010–13 and again in 2014–18, before falling to around 400,000 in 2016–19 period. Despite not having the highest risk of poverty, working-age adults consistently make up the largest group of people in poverty in Wales, due to the size of the working-age population.

3.3 – Working-age poverty

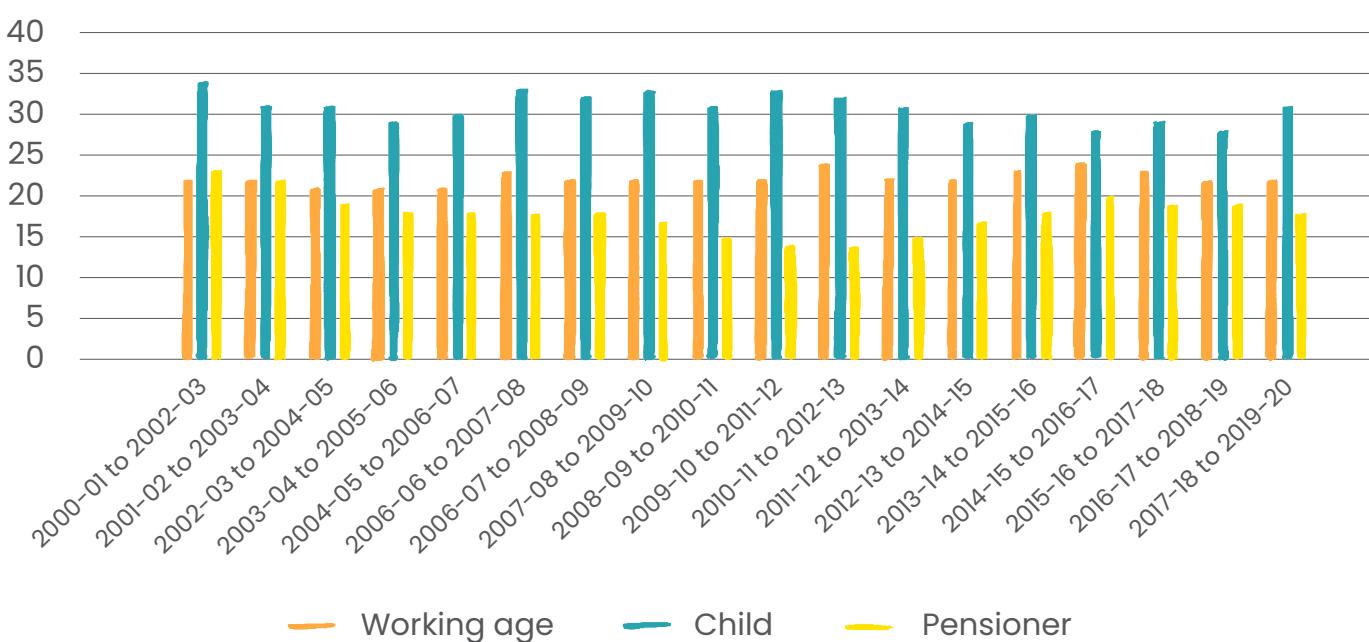
Working-age people make up the largest group of people in poverty in Wales, despite this group not being at the highest risk of poverty. Of the 710,000 people living in poverty in Wales, 405,000 are of working age (16–64 years) – constituting 57.4% of people in poverty (Joseph Rowntree Foundation, 2020a). This represents about 22% of the Welsh working-age population (StatsWales, 2020g).

The poverty rate among working-age adults in Wales has remained fairly consistent for the last 20 years. It reached a high of 24% in 2010–13 and now stands at 22%. The rate has been marginally higher in Wales than all other UK countries for the past 20 years, with the exception of 2007–12, when the rates for England and Wales were the same (Figure 4).

In Wales, working-age people who live alone are more likely to be experiencing poverty than those living in a household with more than one adult (Joseph Rowntree Foundation, 2020a). Those living in a household with other working adults are able to combine incomes and share costs, which reduces their risk of poverty.

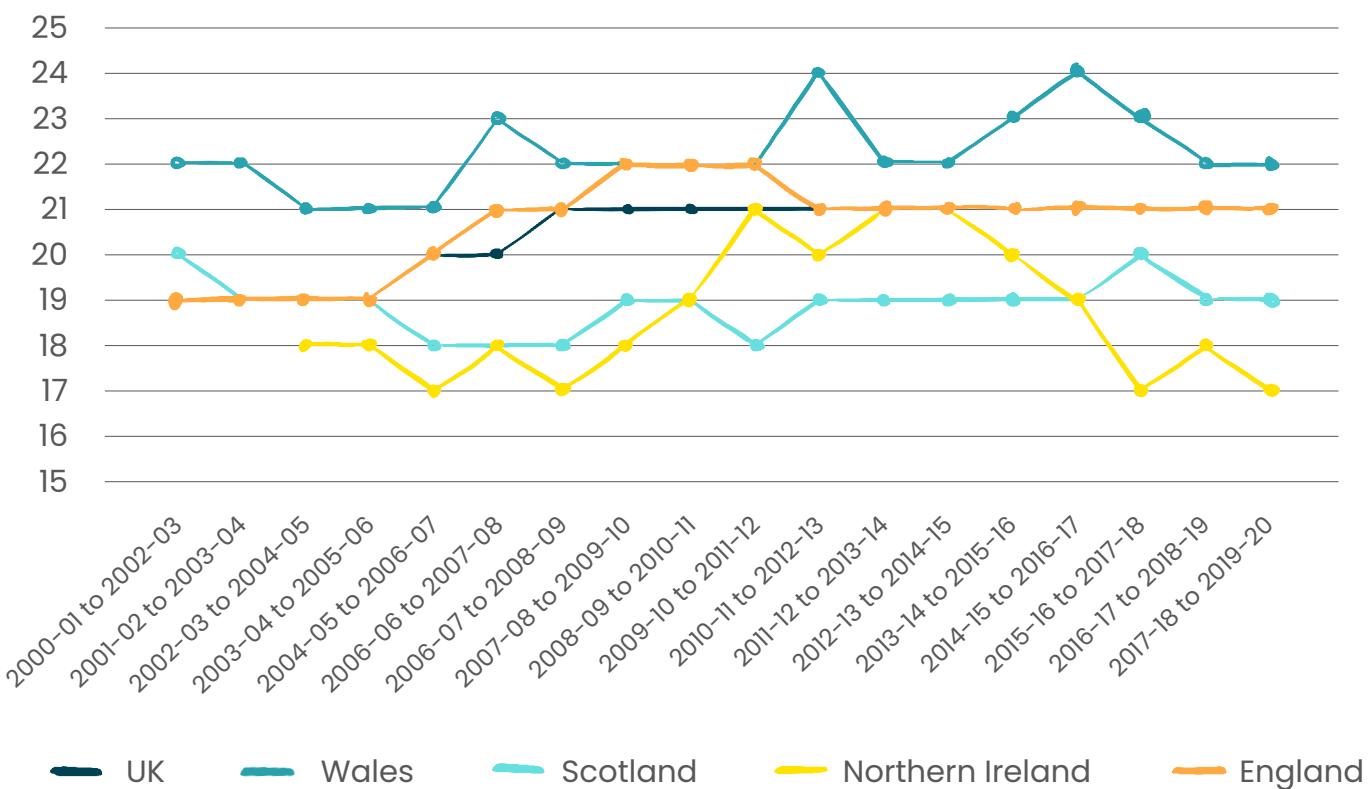
Figure 2: Poverty rates in UK countries, 2000–2020

Source: StatsWales, 2020g

Figure 3: Poverty rate for different groups in Wales, 2000–2020

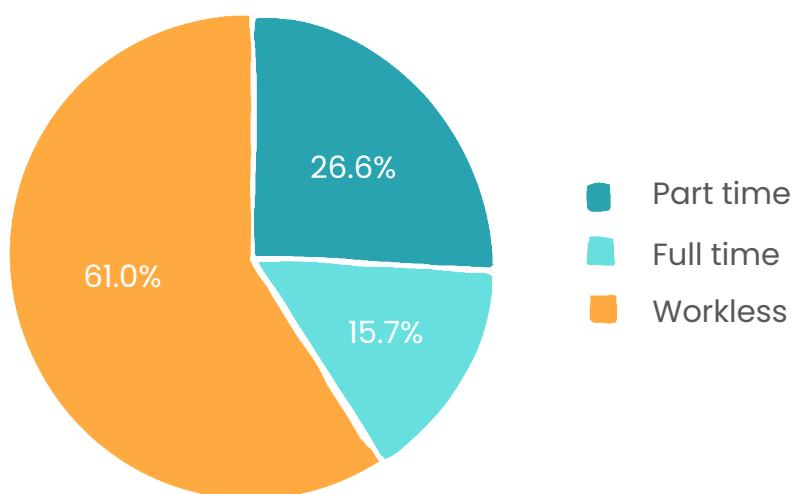
Source: StatsWales, 2020g

Figure 4: Poverty rate among working-age adults in UK countries, 2000–2020



Source: StatsWales, 2020g

Figure 5: Proportion of households in poverty in Wales by work status, 2016–19



Source: StatsWales, 2019

3.4 – In-work poverty

In-work poverty has been a growing problem in Wales over the past 20 years.

In 2015–16 to 2017–18, 58% of working-age adults living in poverty were part of a household where at least one adult was in work (Welsh Government, 2019b). This figure rises to 67% for child poverty in such households (Welsh Government, 2019b). It is estimated that 14% of workers live in poverty in Wales – the highest rate in the UK (excluding London) (Joseph Rowntree Foundation, 2020a).

Poverty rates are higher in households where people are engaged in only part-time work. The poverty rate for these households was 26.6% in 2016/17–2018/19. In contrast, in households where someone was in full-time work, the poverty rate was 15.7% in the same period (Figure 5).

In terms of population composition, 41.4% of people living in poverty in Wales are in a household where at least one person is in full-time work. A further 11% of people living in poverty in Wales are in a household where people are engaged in part-time work only (Joseph Rowntree Foundation, 2020a).

3.5 – Out-of-work poverty

Living in a workless household, a household where the number of people in work is limited, or a household where the number of hours worked are limited, all increase the risk of poverty for working-age adults.

Data from 2016–19 show that the poverty rate for working-age adults in households where at least one adult was in work was 16%, whereas the rate for working-age adults in workless households was 61% in the same period (StatsWales, 2019a); (Figure 6).

However, as we explore further in section 5.2.1, the Joseph Rowntree Foundation highlights the finding that four in ten households currently living in poverty in Wales include at least one full-time worker. This suggests that simply being in work is not always sufficient to prevent poverty (Joseph Rowntree Foundation, 2020a).

In 2018, there were 166,200 workless households in Wales, representing 17.2% of all households (StatsWales, 2020d). A workless household is defined as a household where no one aged 16–64 years is economically active or in employment (Office for National Statistics, 2019a). The rate of worklessness in Wales remains higher than that of England, but is lower than both Scotland and Northern Ireland (Joseph Rowntree Foundation, 2018).

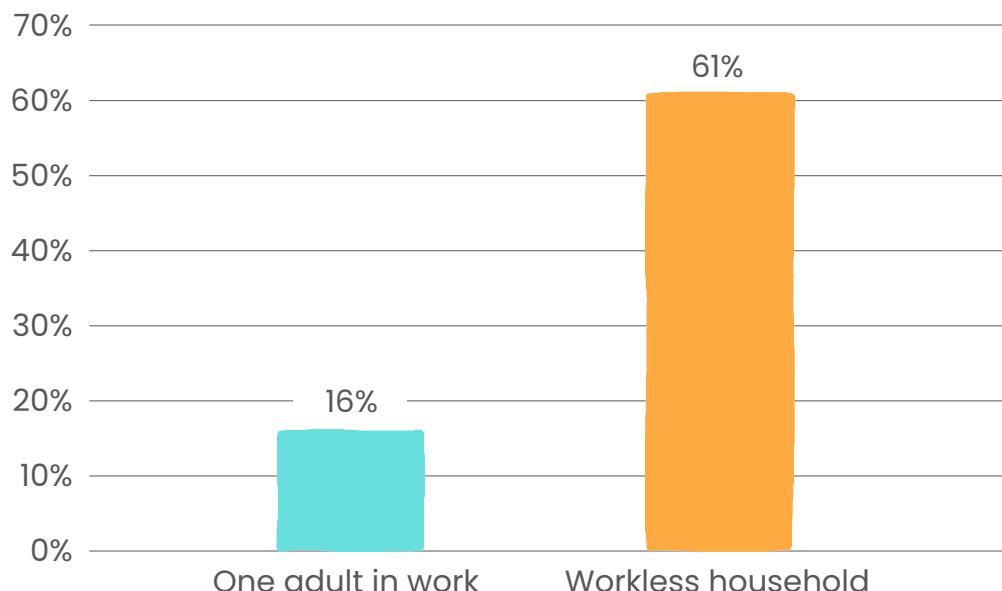
3.6 – Child poverty

In 2020, around 180,000 children in Wales were living in poverty (Joseph Rowntree Foundation, 2020a). While the poverty rate among children in Wales has fallen in the past 20 years, this reduction was not consistent and the rate fluctuated over this period.

In 2000–03 the child poverty rate in Wales was 33%, falling to 29% in 2003–2006, before rising again between 2005–2012. After 2012, the rate fell again to a low of 28% in 2014–17 and 2016–19. Between 2014 and 2017, the rate of child poverty in Wales fell below that of England. However, between 2017 and 2020 there was a sharp increase, to a rate of 31%. This rate of child poverty is similar to that of England, but is higher than that of Scotland and Northern Ireland (Figure 7).

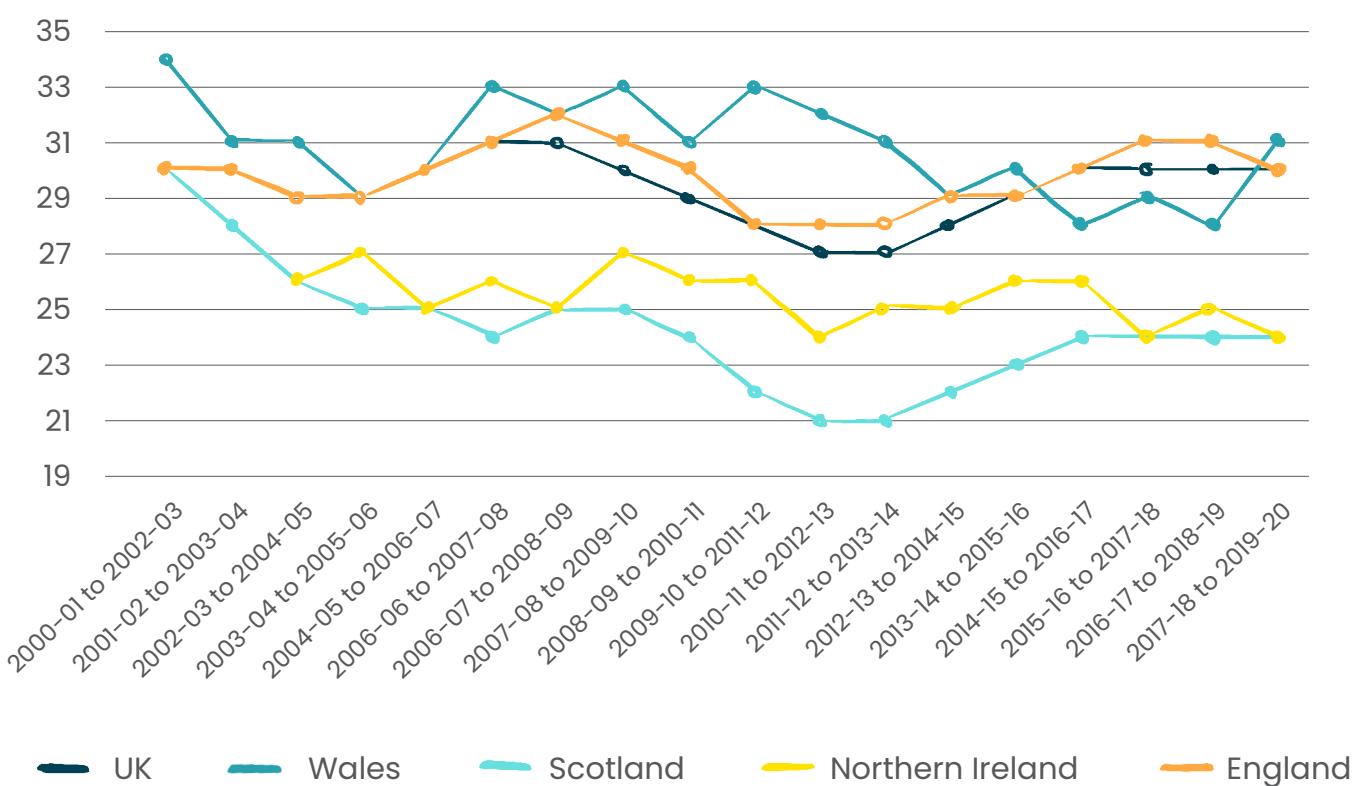
Of the groups considered here, children are the group at the highest risk of poverty in Wales, but, representing around 25% of the people living in poverty in Wales, they are the smallest group of people in poverty. This is due to the relatively small size of the child population. In 2020, three in ten of all children in Wales were living in poverty (Joseph Rowntree Foundation, 2020a).

Figure 6: Poverty rates by household work status, 2016–2019



Source: StatsWales, 2019

Figure 7: Poverty rate among children in UK countries, 2000–2020



Source: StatsWales, 2020g

3.7 – Pensioner poverty

The proportion of pensioners living in poverty in Wales has fallen over the last 20 years. The poverty rate among pensioners in Wales decreased significantly between 2000 and 2010–13, from 23% to a low of 14%. However, the rate has since increased, reaching a peak of 20% in 2014–17. In the past five years, the rate has remained consistent at around 19%. The pensioner poverty rate in Wales is now the highest in all of the UK countries (Figure 8).

In terms of composition, between 2016/17 and 2018/19 pensioners accounted for 17.1% of people living in poverty in Wales (StatsWales, 2020b).

There is some variation in the levels of pensioner poverty between different household types. Pensioners who live as part of a couple are less likely to live in poverty than single pensioners, a trend which is mirrored across the UK (StatsWales, 2020b). In 2018/19 the poverty rate among single pensioners in Wales was 22.2% compared to 17.7% for pensioner couples (Joseph Rowntree Foundation, 2020a) (Figure 9).

3.8 – Family type

Levels of poverty vary between family types. Of all family types, poverty rates are highest among lone-parent families. In 2018, nearly half (44%) of lone-parent households in Wales were living in poverty (Welsh Government, 2019a). This represents 13.1% of all people in poverty, despite lone-parent families representing only 7% of households in Wales. The risk of poverty among lone-parent families in Wales has fallen in recent years: in 2009/10 the poverty rate for lone-parent families in Wales was 54%, ten percentage points higher than in 2017/18 (Chwarae Teg and Bevan Foundation, 2019). Lone-parent families are most likely to be female-headed households.

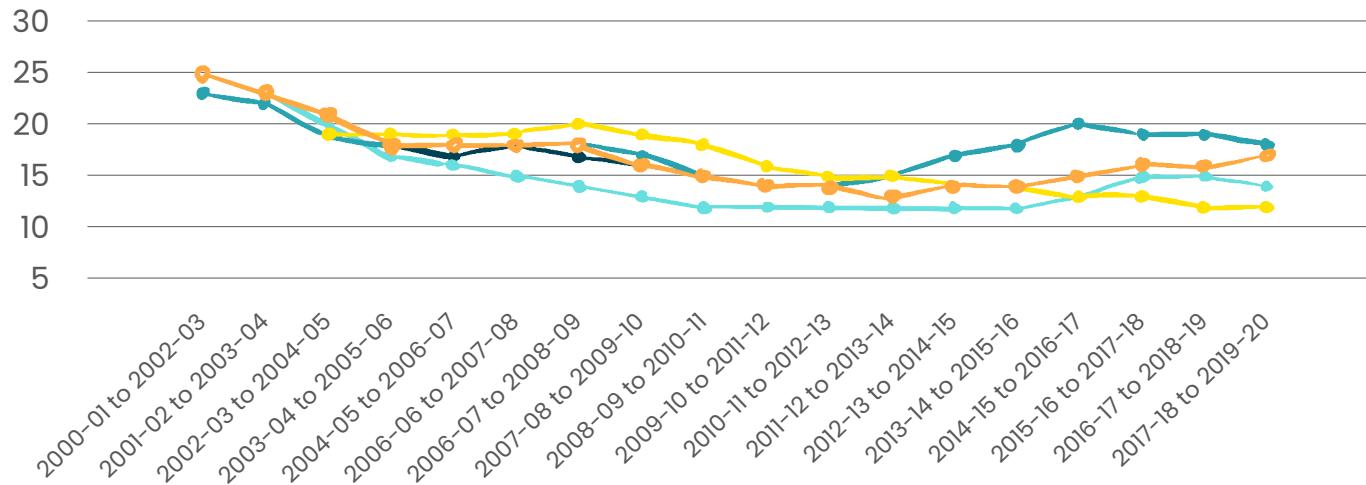
Lone-parent families are at a higher risk of poverty because their resources are placed under the most strain. This is because, by definition, these families have only one potential income from the lone parent and include at least one dependent child. Lone parents also face specific barriers to work, as childcare availability (or lack thereof) often means that lone parents are constrained in the type of work they are able to do, or how far they are able to travel for work. Many lone parents are limited to taking part-time or locally based roles to accommodate their childcare responsibilities.

Twenty-three per cent of couples with children in Wales live in poverty – a figure that has remained stable for the last ten years – down from 25% in the late 1990s and early 2000s (Joseph Rowntree Foundation, 2020a). Couples with children account for 34.1% of people living in poverty in Wales.

Rates of poverty among households with children in Wales have been consistently higher than those for couples without children. In 2018/19 the poverty rate among couples with children was 22.9%, while the rate for couples without children was 15.1%. In terms of the composition of poverty, couples without children account for 13% of people living in poverty in Wales (Joseph Rowntree Foundation, 2020a).

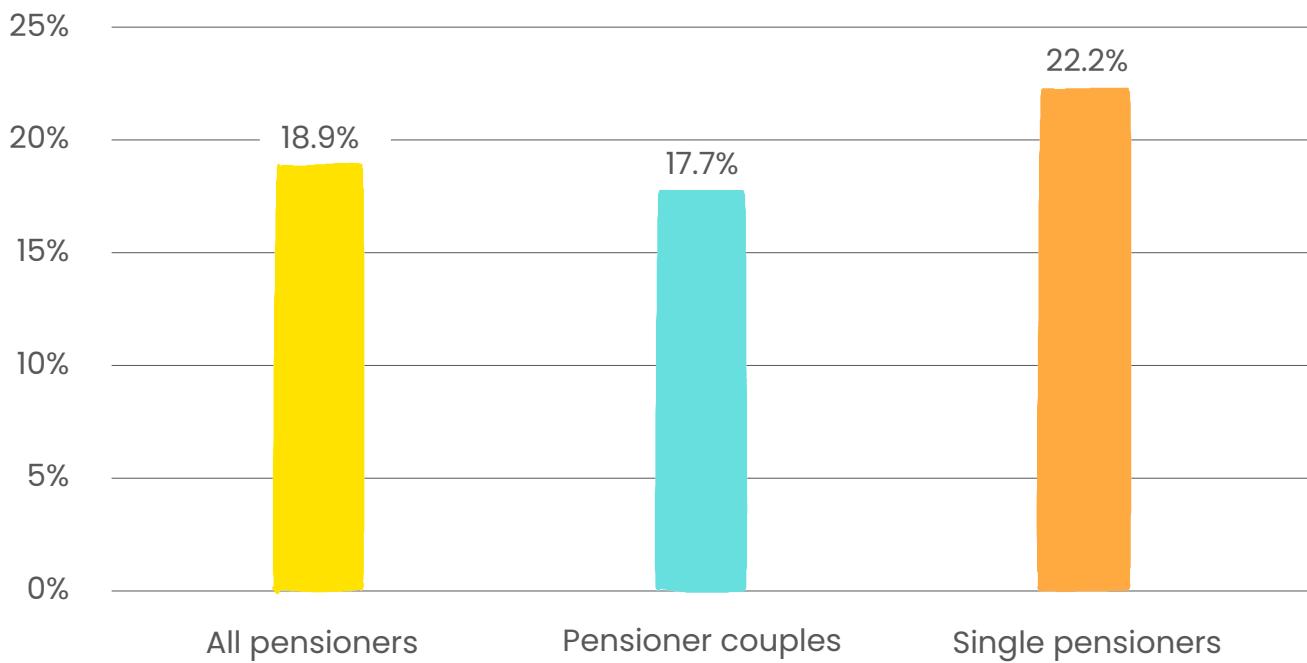
For single people without children the poverty rate has consistently been between 25–30% for the last 20 years (Joseph Rowntree Foundation, 2018). In 2018/19 the poverty rate among single people without children was 28% (Joseph Rowntree Foundation, 2020a). This group accounts for 20.9% of people in poverty in Wales.

Figure 8: Poverty rate among pensioners in UK countries, 2000–2020



Source: StatsWales, 2020g

Figure 9: Pensioner poverty rates in Wales by household type, 2018-19



Source: Joseph Rowntree Foundation, 2020a

3.9 – Type of housing tenure

Poverty rates vary dramatically between different forms of housing tenure in Wales. Households living in social rented accommodation have the highest rate of poverty – at 48.8% in 2018/19. Of people living in poverty in Wales, 34.6% are in social rented households (Joseph Rowntree Foundation, 2020a).

In the last five years, social rents in Wales have been allowed to increase. This has contributed to the increase in the proportion of social tenants in in-work poverty from 29% in 2012/15 to 39% in 2016/19 – the equivalent of 25,000 additional people living in poverty in Wales (Joseph Rowntree Foundation, 2020a).

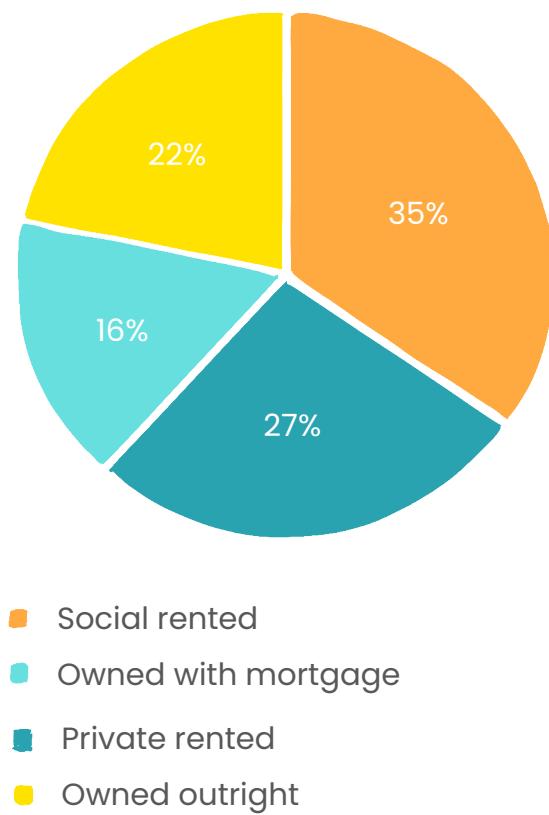
Factors that contribute to the elevated risk of poverty experienced by social renters include:

- rent increases and the cost of rent/housing outstripping either social security support or pay;
- a lack of availability of social housing, leading to higher rents intended to finance new developments; and
- incomplete take-up of Housing Benefit/Universal Credit (Joseph Rowntree Foundation, 2015).

The poverty rate among private rented households is also relatively high. In 2018/19 the poverty rate among private rented households was 41.4%. These households make up 27.2% of people living in poverty in Wales (Joseph Rowntree Foundation, 2020a).

Levels of poverty among homeowners are much lower. For households who own their own home but are still paying towards a mortgage the poverty rate is 10.5%. These households account for 16.5% of people living in poverty in Wales. For households who own their home outright the poverty rate is 15.1%. Outright homeowners represent 21.7% of people living in poverty in Wales (Joseph Rowntree Foundation, 2020a) (Figure 10).

Figure 10: Proportion of people in poverty in Wales by housing tenure type, 2016–19



Source: Joseph Rowntree Foundation, 2020a

3.10 – Gender

In terms of gender, across the UK, women are slightly more likely to be living in poverty than men. In 2017/18, 19% of men were living in poverty compared to 21% of women. While data for these rates for Wales alone are not available, Chwarae Teg and the Bevan Foundation estimate that 52.4% of people in poverty in Wales are female, a slight decrease from 56.6% a decade ago in 2009/10 (Chwarae Teg and Bevan Foundation, 2019).

Single women in Wales with no children have a higher risk of poverty than single men without children. The poverty rate among these women is 32%, while the equivalent rate among men is 28%. Women also have a much higher chance than men of being lone parents – a group which, in Wales, has a poverty rate of 44% (Chwarae Teg and Bevan Foundation, 2019).

Beyond income-defined poverty risk, Chwarae Teg and the Bevan Foundation note that women often experience higher risks of material deprivation, homelessness and food insecurity (Chwarae Teg and Bevan Foundation, 2019). Women also generally have more debt and fewer assets, which can increase their risk of falling into poverty.

Other factors contributing to women's elevated risk of poverty include:

- the increased likelihood of women working part-time;
- childcare costs and availability as a barrier to work;
- the higher likelihood of women being employed on zero-hours contracts;

- insufficient support from the social security system; and
- the increased likelihood of women being employed in sectors associated with high poverty rates, such as retail and hospitality. (Chwarae Teg and Bevan Foundation, 2019)

3.11 – Disability

The poverty rate among families including at least one person with a disability in Wales was 27.2% in 2018/19. This compares to a poverty rate of 20% among families where no-one has a disability. More than 46% of people living in poverty in Wales have or have someone in their household with a disability (Joseph Rowntree Foundation, 2020a). The poverty rate among disabled people in Wales is higher than that of all other UK countries.

Factors that contribute to the elevated risk of poverty experienced by people with a disability/long-term health condition include:

- barriers to employment and the labour market;
- insufficient social security support;
- the reduction of disability support services under austerity; and
- increased costs associated with ill health and/or disability (Disability Wales, 2018).

Disabled people in Wales, and elsewhere, also face specific barriers related to access to services, transport, housing, sports and social activities, all of which can be exacerbated by (and contribute to) poverty.

3.12 – Ethnicity

The poverty rate among the Black, Asian and Minority Ethnic population in Wales is higher than that of the White population. According to the Joseph Rowntree Foundation, 24.5% of households with a non-White head are in poverty in Wales, compared to 22.7% of households with a White head⁴ (Joseph Rowntree Foundation, 2020a). Black, Asian, and Minority Ethnic people – in particular, Black Caribbean, Bangladeshi and Pakistani people – are at higher risk of in-work poverty in Wales (Bevan Foundation, 2020a). However, despite the high risk of poverty in the Black, Asian and Minority Ethnic population in Wales, it makes up a relatively small proportion of all people in poverty, representing 2.3% of all people in poverty in Wales (Joseph Rowntree Foundation, 2020a).

A key factor contributing to the elevated risk of poverty compared to the White population is low pay. Black, Asian and Minority Ethnic people in Wales are more likely to work in low-paid sectors, such as hospitality and social care (Bevan Foundation, 2020a). Black, Asian and Minority Ethnic people also show lower employment rates than the White population (Bevan Foundation, 2020a). The employment rate among the Black population in Wales is 56%, while the Asian population has a slightly higher rate at 62%. This compares to 74% among the White population (Joseph Rowntree Foundation, 2020a).

3.13 – Geographical distribution

This section summarises some of the key findings of the 2019 Welsh Index of Multiple Deprivation (WIMD) (Welsh Government, 2019d) to give an overview of the geographical distribution of poverty and social exclusion in Wales. As it draws on evidence from the WIMD, poverty and social exclusion are conceptualised in terms of multiple deprivation, which is measured at the ‘small area’ Lower-layer Super Output Areas (LSOAs) level⁵ (StatsWales, 2020c).

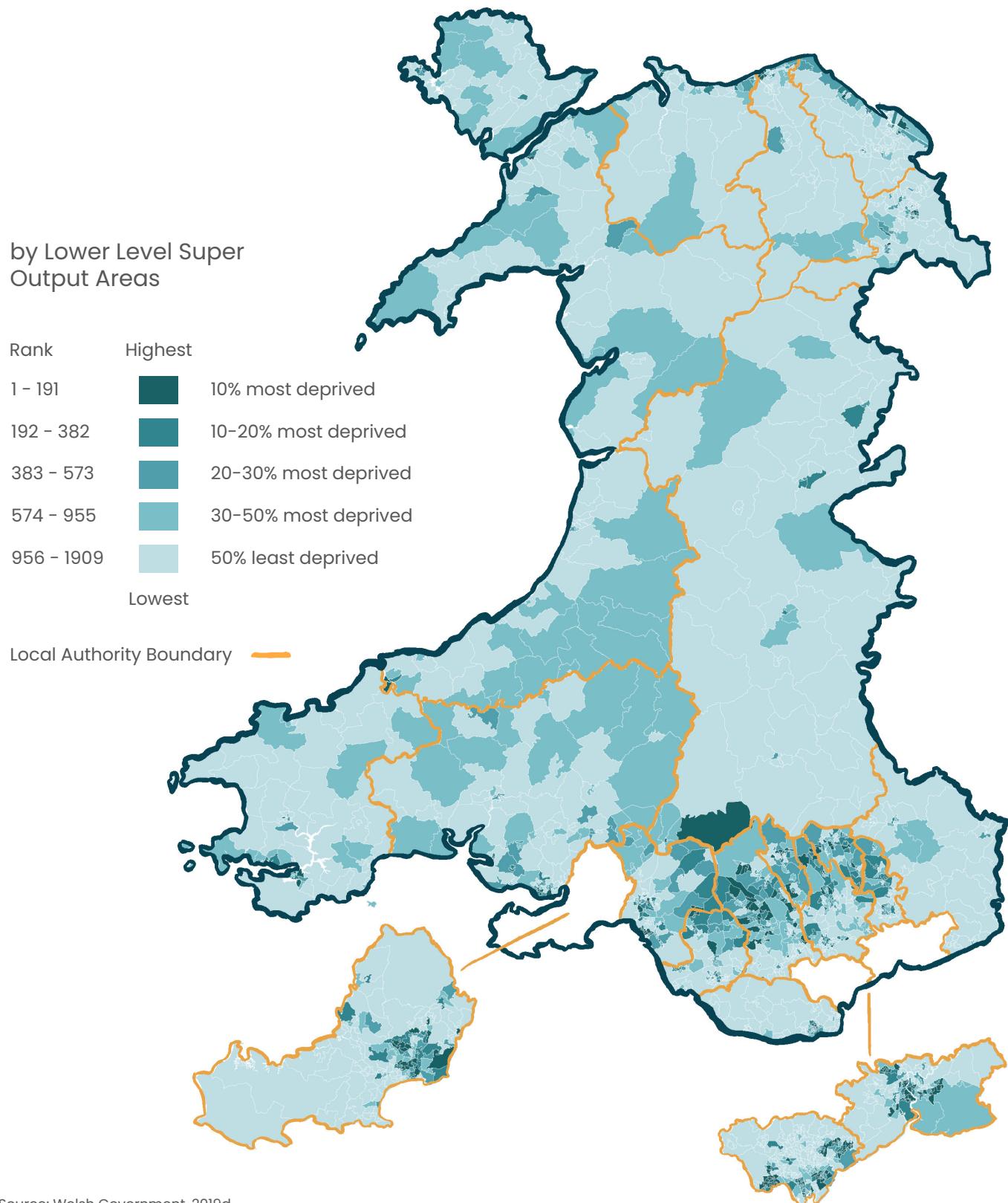
The overall 2019 WIMD shows that there were concentrated areas of high relative multiple deprivation in South Wales – in both the cities and the valleys. There were also some pockets of high deprivation in coastal and border towns in North Wales. Newport had the highest proportion (24.2%) of small areas classified as most deprived in the WIMD 2019, Monmouthshire had no areas ranked in the most deprived 10%, and Powys had only one such area. Blaenau Gwent had the highest proportion of areas classified as being in the most deprived 50% in Wales, with 85.1% of small areas in Blaenau Gwent fitting this category (Welsh Government, 2019d) (Figure 11).

There is some variation in the geographical patterns of deprivation in Wales for each of the elements of deprivation that make up the WIMD. (These are income, employment, health, education, access to services, housing, community safety, and the physical environment).

⁴ It should be noted that these data are based on a small sample size and as such should be treated with caution.

⁵ Lower-layer Super Output Areas (LSOAs) are a geographic area classification used to ‘improve the reporting of small area statistics in England and Wales’ (NHS, 2021). Every postcode in England and Wales has a corresponding LSOA.

Figure 11: Map showing overall WIMD 2019



The income domain of the 2019 WIMD shows a similar geographical pattern to that of the overall WIMD (Welsh Government, 2019d). Monmouthshire was the only local authority with no areas in the most deprived 10%. Newport, Merthyr Tydfil and Cardiff had the highest proportion of areas classified as being in the most deprived 10% in the income domain. The most deprived small area in Wales for the income domain was in Rhyl in Denbighshire.

Employment deprivation in Wales was concentrated in the valleys and large cities in South Wales, with some pockets of employment deprivation also present in coastal towns in North Wales. Once again Monmouthshire was the only local authority with no areas categorised as being in the most deprived 10%. Blaenau Gwent had the highest proportion of areas classified in the most deprived 10%, with 23.4% of areas in this local authority area classified as such. Merthyr Tydfil had the second-highest proportion, at 22.2% of areas in the most deprived 10%. The most deprived small area in Wales for employment was in Rhyl, as was also the case in the income domain (Figure 12).

For the **health domain** the overall geographical pattern of deprivation matches that of the overall WIMD 2019, with high deprivation concentrated in the large cities and valleys of South Wales and in the coastal and border towns of North Wales. For the health domain, three local authorities had no areas in the most deprived 10% – Monmouthshire, Anglesey and Ceredigion. The most deprived area in Wales for health was Caerau in Bridgend (Welsh Government, 2019d).

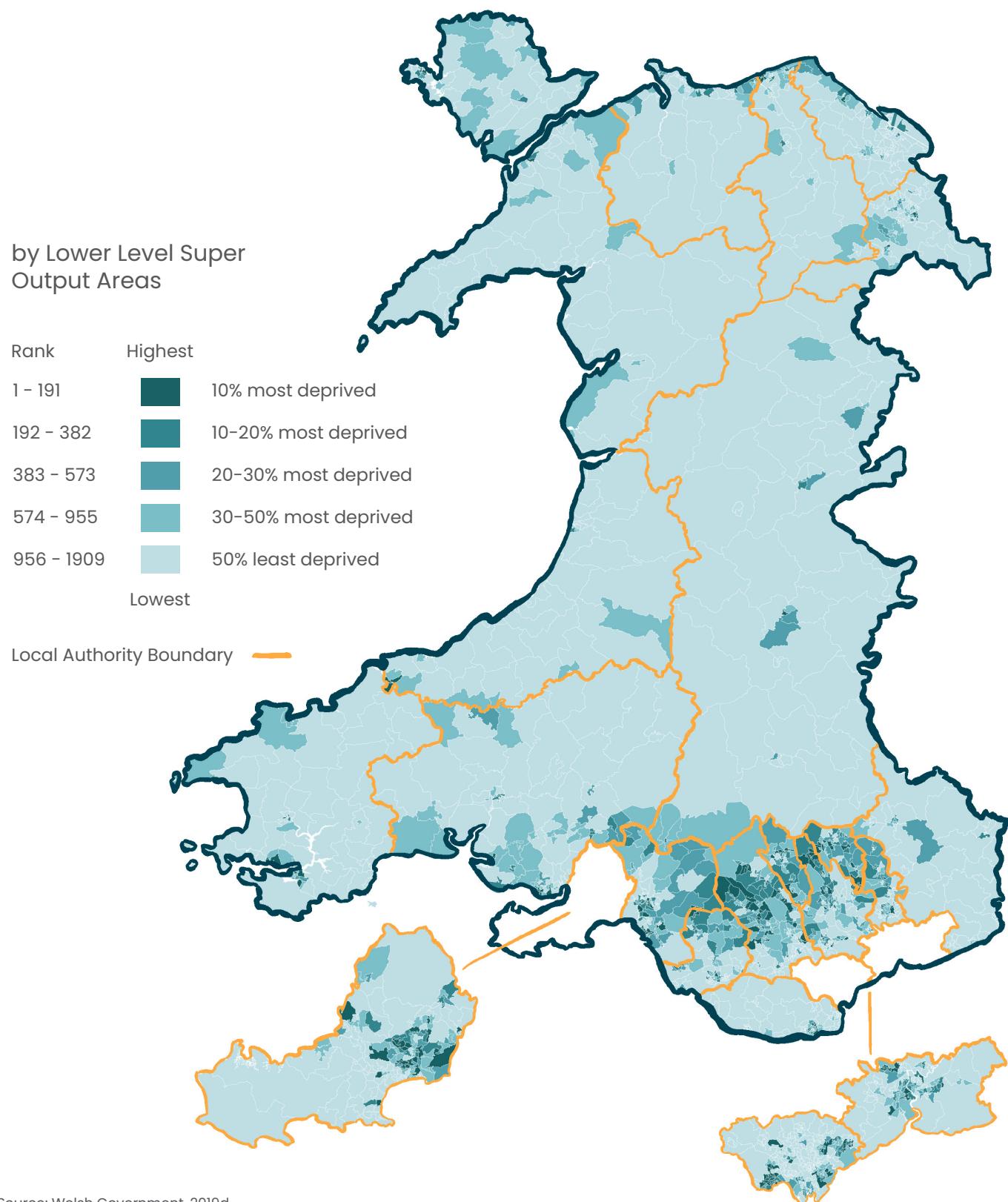
The geographical distribution of **education deprivation** was similar to that of several other domains. There were pockets of high education deprivation in the South Wales valleys and in some coastal towns in North Wales.

Blaenau Gwent, Rhondda Cynon Taf, Newport and Neath Port Talbot had the highest proportion of areas classified in the most deprived 10%. As with the health domain, Monmouthshire, Anglesey and Ceredigion had no areas in the most deprived 10%. The most deprived area in Wales in the education domain was in the Caia Park Community in Wrexham (Welsh Government, 2019d).

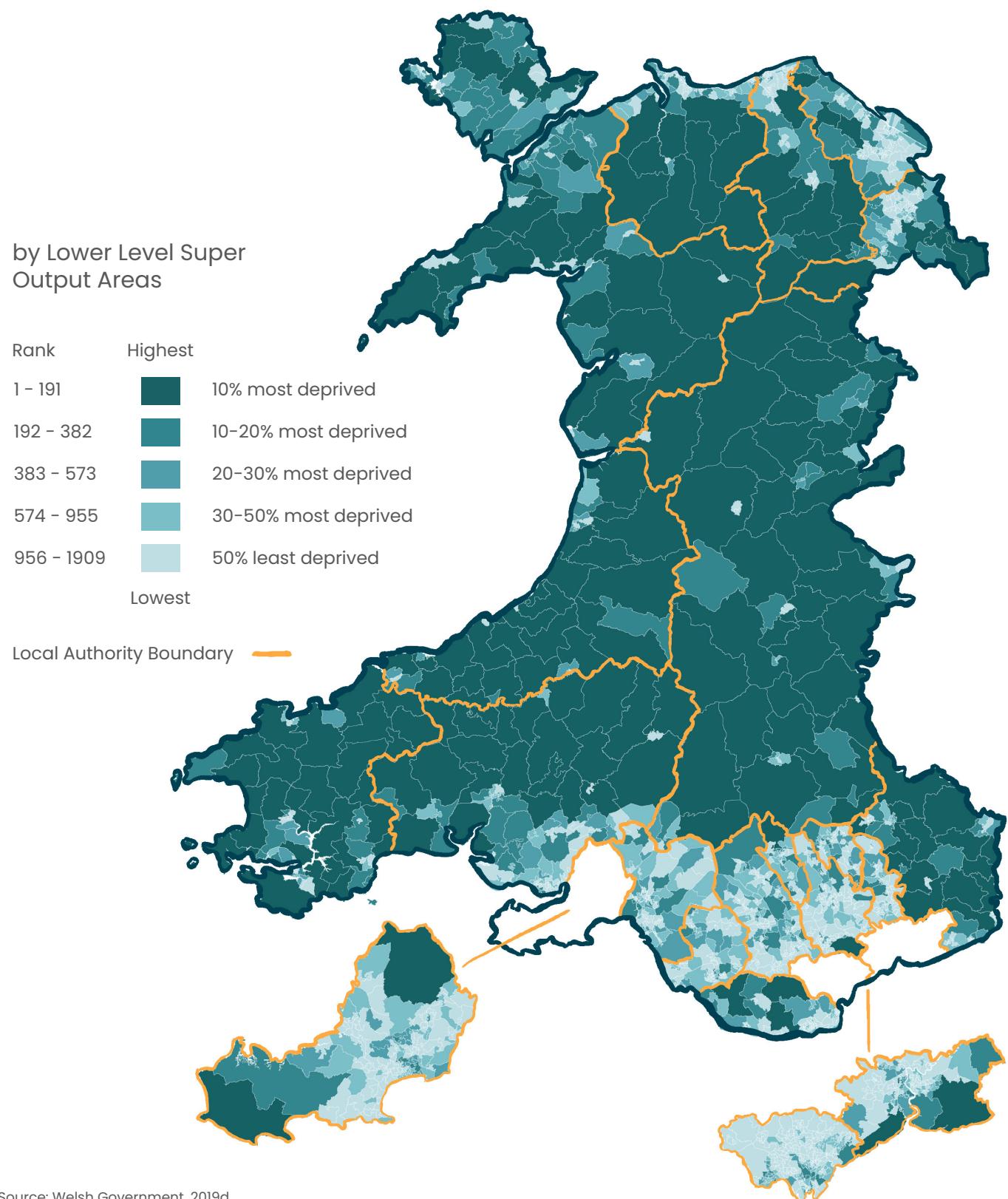
It is interesting to note that the **access to services deprivation** domain of the WIMD 2019 had a pattern of geographical distribution that is markedly different from the other domains. Intense deprivation in service access was widespread across rural areas in Wales. In addition, there were also some small pockets of deprivation close to larger urban areas. Powys and Ceredigion had the highest proportion of areas in the most deprived 10% in terms of access to services. In contrast to the other domains, a number of local authorities in South Wales had no areas categorised in the most deprived 10%. These were Blaenau Gwent, Rhondda Cynon Taf, Bridgend, Torfaen, Neath Port Talbot and Cardiff. The most deprived area in Wales for access to services was Cynwyl Gaeo in Carmarthenshire (Welsh Government, 2019d) (Figure 13).

For the **housing domain** of the WIMD 2019, there were clusters of high deprivation in West Wales, North Wales and the cities and valleys of South Wales. Ceredigion was the local authority with the highest proportion of areas classified as being in the most deprived 10% in the housing domain. 86.1% of areas in Merthyr Tydfil were in the most deprived half of areas in Wales in terms of housing. There were no areas in Torfaen among the most deprived 10%. The most deprived area in Wales for housing was in Grangetown in Cardiff (Welsh Government, 2019d).

Figure 12: Map showing WIMD 2019 employment domain



Source: Welsh Government, 2019d

Figure 13: Map showing WIMD 2019 access to services domain

Source: Welsh Government, 2019d

For the **community safety domain** the overall geographical pattern of deprivation matches that of the overall WIMD 2019, with high deprivation concentrated in the large cities and valleys of South Wales and in the coastal and border towns of North Wales. Monmouthshire had the smallest proportion of areas in the most deprived 10%. Newport had the highest concentration of areas classified as being in the most deprived 10% (35.8%) for community safety. Blaenau Gwent also had a high proportion of areas in the most deprived 10% at around 27.7%. The most deprived area in Wales for community safety was Cathays in Cardiff (Welsh Government, 2019d).

The geographical pattern of deprivation in the **physical environment domain** of the WIMD 2019 is distinct from all other domains and the overall pattern of the WIMD. In this domain deprivation was concentrated primarily around the large cities of South East Wales, with some high deprivation also present in the South Wales valleys. Newport (43.2%) and Cardiff (43.0%) had the highest proportion of areas in the most deprived 10%. Five local authorities – Blaenau Gwent, Wrexham, Anglesey, Pembrokeshire and Conwy – had no areas categorised in the most deprived 10%. The most deprived area in Wales in the physical environment domain was in Penylan in Cardiff (Welsh Government, 2019d) (Figure 14).

3.14 – Rural communities

Research by the Public Policy Institute for Wales (now WCPP) highlights that rural poverty often manifests in the same way as urban poverty, but that its causes and scale are often different. Poverty in rural areas can be masked by longstanding cultures of self-reliance in these areas and the relative affluence of rural communities (Public Policy Institute for Wales, 2016).

Rural communities face specific barriers to access of opportunities and services, which act as key drivers of poverty.

Other key contributing factors to rural poverty are the lack of access to childcare, limited and poor-quality internet connections, fragile economies and employment, the lack of affordable housing, and poor access to training and employment opportunities (Public Policy Institute for Wales, 2016). Rural economies in Wales are also often characterised by low-skilled, low-paid and precarious employment, which drives in-work poverty in rural communities and causes out-migration of skilled workers. The isolation of rural areas can make it difficult for people in these areas to secure employment outside their local area as public transport services are limited and often expensive – significant barriers to work for those without access to private motor vehicles.

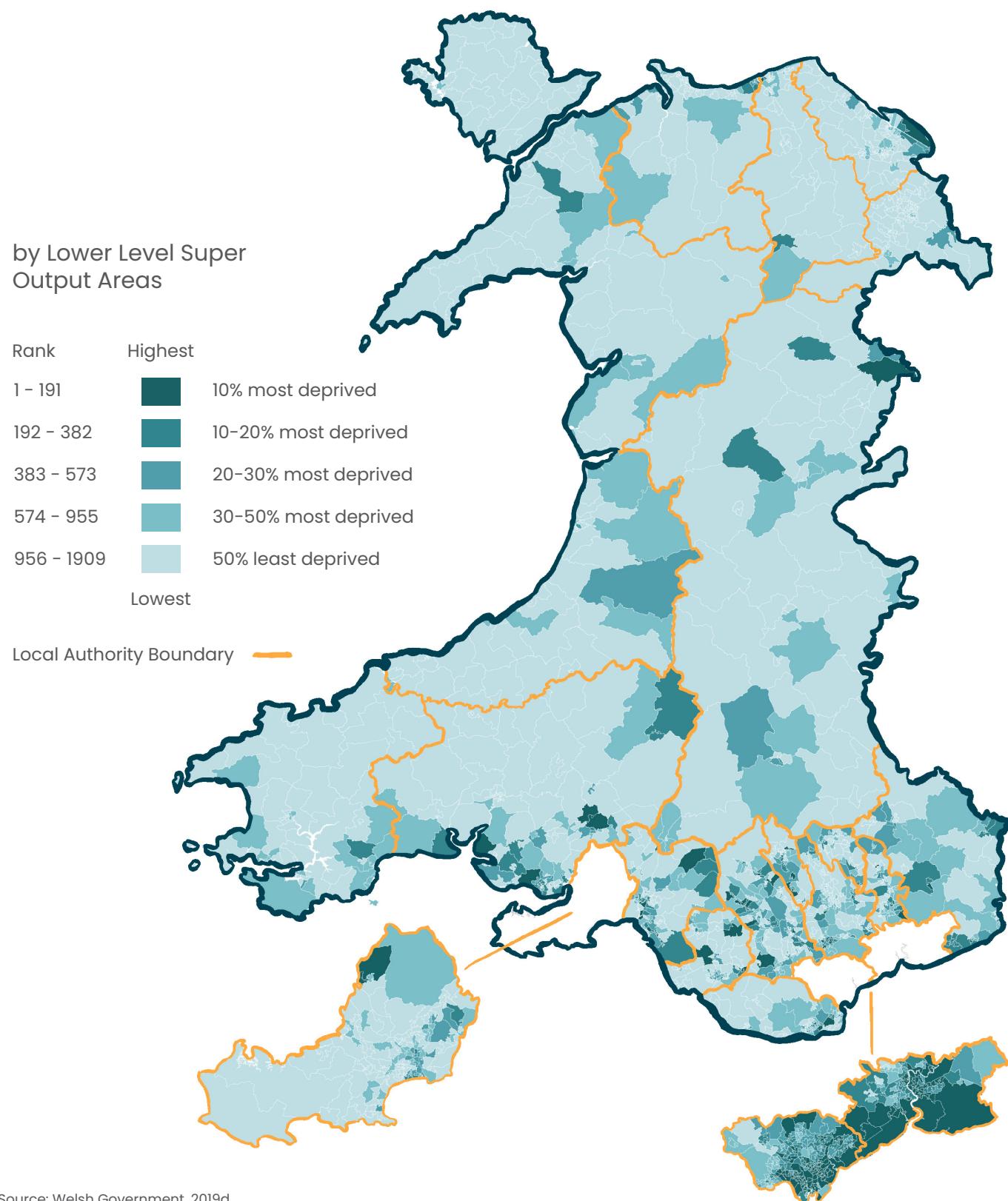
Rural communities are also subject to what has been described as a ‘rural premium’ on key goods, including food and fuel, a further contributor to poverty in rural areas (Public Policy Institute for Wales, 2016).

3.15 – Persistent poverty

Persistent poverty is also a key issue in Wales. Persistent poverty is defined by the Department for Work and Pensions as occurring when a person has been experiencing relative income poverty for at least three out of four consecutive years (Department for Work and Pensions, 2021).

Between 2015 and 2019, the risk of persistent poverty for individuals in Wales was 12%, based on income measured after housing costs had been deducted (Department for Work and Pensions, 2021). This is significantly higher than the UK rate, which in 2017 was 7.8% (Office for National Statistics, 2019b).

Between 2015 and 2019, the risk of persistent poverty was higher for children in Wales, at 15% (Department for Work and Pensions, 2021).

Figure 14: Map showing WIMD 2019 physical environment domain

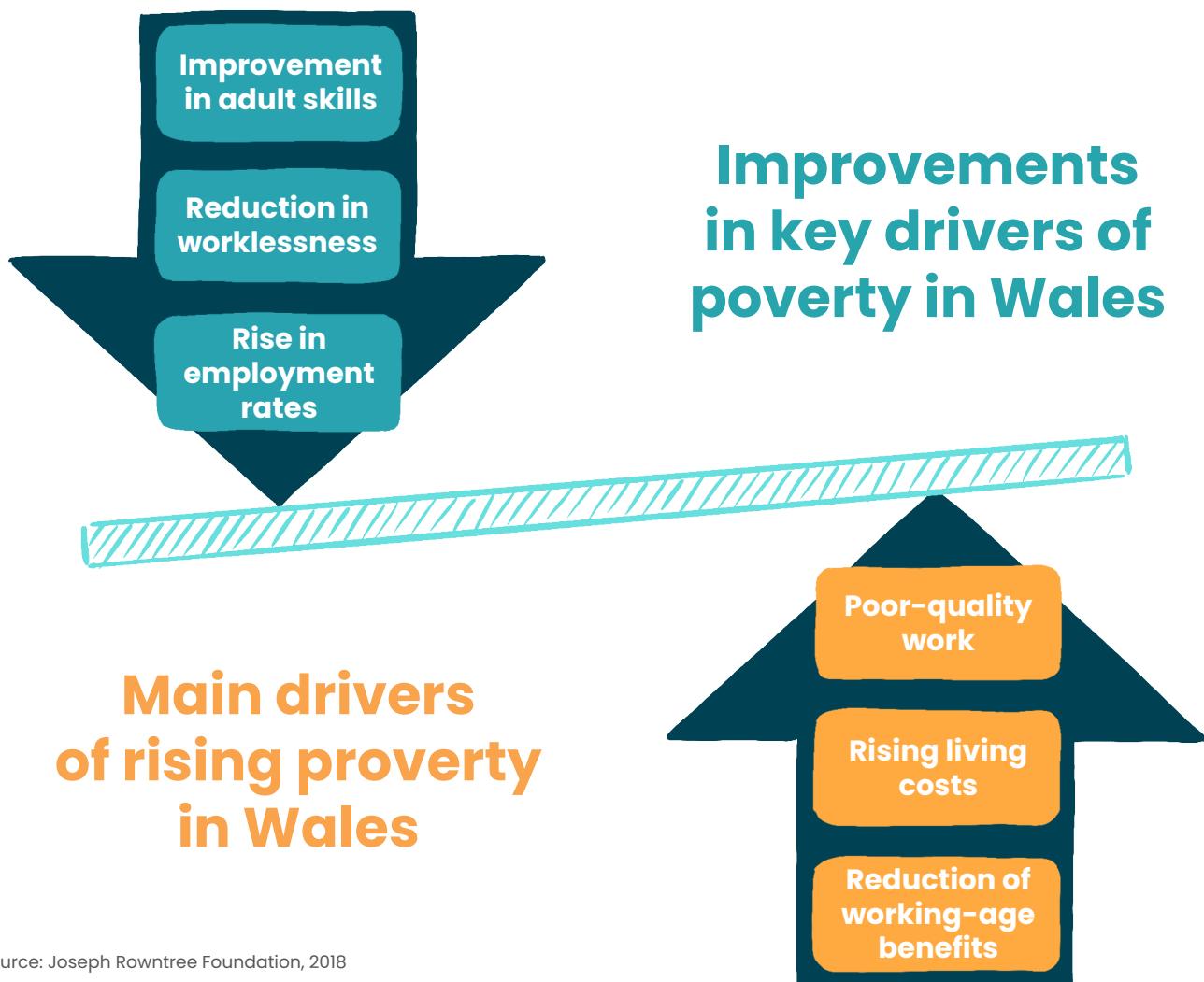
Source: Welsh Government, 2019d

4. The drivers of poverty

The Joseph Rowntree Foundation (JRF) highlights adult skills, working-age benefits, worklessness/employment, quality of work and living costs as key determinants of working-age poverty (Joseph Rowntree Foundation, 2018). Adult skills and education act as a key barrier to/enabling factor for access to the labour market. Improvements in adult skills can help people access the labour market, gain employment and/or, in cases where demonstration or development of skills is linked to enhanced opportunities, increase their income.

In recent years Wales has seen improvements in adult skills, worklessness and employment rates. However, the rising cost of living – particularly costs related to housing, a reduction in the value of working-age benefits and poor-quality work – has offset the gains made in other areas (Joseph Rowntree Foundation, 2018) (Figure 15).

Figure 15: Interaction between key drivers of working-age poverty in Wales



5. Social exclusion and poverty in Wales

Social exclusion is a complex and multidimensional process through which individuals or groups are excluded from economic, social, political and cultural participation in society. It is often included in definitions of poverty, including the United Nations (1995) concept of 'overall poverty' which highlights social exclusion as a key part of being in poverty. As noted in the previous sections of this report, while poverty and social exclusion are distinct concepts, they are deeply interconnected.

We have already discussed the Bristol Social Exclusion Matrix (B-SEM) as offering a useful framework for looking at 'overall poverty' (United Nations, 1995) (see Section 2.4 and Table 1). The framework is structured around three broad 'domains': the material and non-material **resources** available to individuals, their ability to **participate** in a wide range of spheres, and their overall **quality of life**; and the ten related 'sub-domains'.

This section draws on the domains of the B-SEM framework to examine the available evidence on both poverty and social exclusion in Wales.

5.1 – Resources

Social exclusion and resources: Key messages

Material/economic resources

- Low income remains a key issue in Wales. One in four people in Wales are in poverty, when this is defined in terms of living on less than 60% the median income.
- In 2019–20, 13% of households in Wales were living in material deprivation and as such were not in possession of all the necessities required for full participation in society.
- Homeownership reduces people's risk of social exclusion and poverty. Households who own their homes have the lowest rate of poverty and social exclusion among all tenure types in Wales.
- Possession of savings and other assets increases resilience to shocks and reduces people's risk of falling into social exclusion and poverty. In Wales, 9% of people have no savings and 15% have less than £100 in savings.
- Debt is both a cause and consequence of social exclusion and poverty. It is estimated that in 2019, 8% of adults in Wales had severe debt problems.

Access to public and private services

- Social exclusion can limit people's ability to access key public services, including education, healthcare and social care, and social security, which can itself exacerbate social exclusion and poverty.
- Wales provides free universal education and health services, which results in overall high levels of access and take-up, although there are groups for whom access could be improved. There is inconsistency in levels of educational quality, provision and outcomes.
- The ability to pay for utilities is a key issue for people who are socially excluded. In 2018, 12% of households in Wales were living in fuel poverty.
- Issues around transport are known to contribute to social exclusion and poverty. In 2019–20, 13% of households in Wales did not have access to a private vehicle, 3% of people had no bus services in their local area, and 7% reported no train services in their local area.
- Large areas of rural Wales are classified as highly deprived in terms of access to private and public services.
- Financial inclusion is important to the prevention of social exclusion and poverty. Around 2% of households in Wales do not hold any form of bank account.

Social resources

- Institutionalisation and family separation can contribute to social exclusion. Institutionalisation in Wales takes many forms, including residential care, children looked after by the local authority, and institutionalisation in prisons or young-offender institutions.
- There has been a decrease in the number of young people institutionalised in Youth Offending Team settings, while the number of children looked after by local authorities has significantly increased.
- Having adequate social support is hugely important to people's mental and physical well-being. In 2019–20, 10% of people in Wales felt that they did not have enough people to rely on and 30% felt 'socially lonely'.
- The resources domain includes the three sub-domains of material and economic resources, access to services, and social resources.

5.1.1 – Material/economic resources

While low income is perhaps the most often cited measure of a lack of material and economic resources, there are other forms of lack of access to material and economic resource access, which relate to both social exclusion and poverty. In addition to income, the discussion below covers these factors, which include: the possession of necessities, home ownership, other assets and savings, and debt.

Income

As income is a key indicator of material and economic resources, poverty is most commonly conceptualised in terms of low income and a lack of financial resources. Section 3 of the report has shown in detail, that if poverty is defined in terms of living on less than 60% of median income, almost one in four people in Wales are in poverty. Low income is also linked to social exclusion, as highlighted in the B-SEM report, which states that 'households with relatively low incomes were more likely than others to be socially excluded on all dimensions except isolation and lack of support' (Bradshaw et al., 2004, p. 14, in Levitas, et al., 2007).

Possession of necessities

Possession of key necessities, or a lack thereof, is a key aspect of poverty and social exclusion, which measures of material deprivation seek to capture (with varying degrees of success). Material deprivation is defined as 'whether a household is able to afford things like keeping the house warm enough, making regular savings, or having a holiday once a year' (StatsWales, 2019b), in addition to the low-income threshold.

Data on material deprivation in Wales are collected via the National Survey for Wales (Welsh Government, 2021a). According to the 2019–20 survey, 13% of households in Wales were living in material deprivation. The risk of being in material deprivation in Wales was highest among people aged 25–44 (19%), although the risk is also high for people in the 16–24 and 45–64 age groups – both 13% (Welsh Government, 2021a).

Risk of material deprivation decreases with increased educational attainment. 22% of people in Wales with qualifications below the National Qualification Framework level 2 were living in material deprivation in 2019–20, while only 8% of those with the highest level of qualification (National Qualification Framework levels 4–8) were living in material deprivation in the same period (Welsh Government, 2021a). Material deprivation was higher in urban areas (14%) than in rural areas (10%) in 2019–20.

The risk of living in material deprivation in Wales also varies by type of housing tenure. In 2019–20, 41% of households in social housing were living in material deprivation compared to 23% of private rental households and 5% of households living in owner-occupied accommodation.

Ill health and disability are also associated with higher risk of material deprivation. In 2019–20, 21% of households in Wales with someone with a limiting long-standing illness, disability or infirmity were living in material deprivation compared to 9% of households where no one had such a condition. Data from 2018–19 show that material deprivation in Wales was higher among women (15%) than men (12%) (Welsh Government, 2020f).

Food is a key necessity and material resource. Food poverty or food insecurity is ‘the inability to afford or have access to foods which make up a socially and culturally acceptable healthy diet’ (Food Poverty Alliance Wales, 2017)⁶. According to the Food Standards Agency survey, 74% of households in Wales were highly food secure, 17% were marginally food secure and 9% were living in low or very low food-secure households in 2017 (Food Standards Agency, 2017). Of those in the lowest-income quintile, 28% live in food-insecure households, compared to only 6% in the highest-income quintile. Work status also impacts food security. The Food Standards Agency survey found that 34% of people with ‘other working status’, which includes economically inactive people (e.g. full-time carers or students), were worried about food running out, compared to 20% of people in work and only 6% of retired respondents (Food Standards Agency, 2017).

The risk of living in food insecurity varies between different groups defined by age and gender. Only 5% of men live in food-insecure households compared to 13% of women. Food security also varies by age. Of those aged 16–24, around 10% live in food-insecure households, compared to 18% of those aged 25–34, and only 2–3% of those over 65 (Food Standards Agency, 2017).

The 2018–19 National Survey for Wales found that 3% of households in Wales had used a foodbank in the previous year, an increase of two percentage points from 2016–17 (Statistics for Wales, 2019b)⁷. The survey also found that, in 2018–19, 9% of adults in Wales had missed a substantial meal in the previous fortnight due to a lack of financial resources.

Home ownership

The B-SEM also highlights home ownership as an important material and economic resource, which impacts on people’s risk of social exclusion. Variations in poverty rates between homeowners and private and social tenants are discussed in the Poverty in Wales section above.

In 2019–20, homeowners had the lowest rate of material deprivation, at 5%. The rate of material deprivation among social renter households was 41%, significantly higher than the rate of private rental households, at 23%.

⁶ The Food Standards Agency measures food poverty or insecurity by asking a series of questions about food needs and the difficulties associated with meeting these needs. The responses given to these questions are scored and households are subsequently categorised into one of four categories based on their responses.

These categories are (Food Standards Agency, 2017):

1. High food security: Households that have no problems or anxiety about accessing food.
2. Marginal food security: Households that sometimes have problems or anxiety about accessing foods but do not experience substantial reductions in the quality, variety or quantity of their food.
3. Low food security: Households that have reduced quality, variety and desirability of diet but do not experience substantial reduction in the quantity of their food intake and do not experience substantial disruption of their eating patterns.
4. Very low food security: Households where the eating patterns of at least one household member are disrupted and food intake is reduced during the year because the household had insufficient resources to obtain food.

⁷ However, the report highlights that this increase may be attributable to a change in the question asked, details of this change were not provided.

Other assets and savings

Other forms of material and economic assets, such as savings can affect and be affected by people living in poverty and/or those at risk of poverty. According to a survey of 2,000 consumers in 2019, the average savings in Wales was around £9,600 (raisin., 2020). The same survey found that 9% of people in Wales have no savings, 15% have less than £100 in savings and 28% have less than £1,000 in savings (raisin., 2020). At the UK level, the Family Resources Survey for 2018/19 found that 11% of households had less than £1,500 in savings (Department for Work and Pensions, 2020a). Having even a small amount of savings increases people's ability to deal with economic shocks and unexpected life events, and thus reduce the risk of falling into poverty (Pande, et al., 2012). However, saving money can be very difficult for those on low incomes. This makes people already in or at risk of poverty especially vulnerable to high-cost lending schemes, loan-sharks and other expensive financial services that can put them at further risk of poverty in the future, due to terms of high repayment, and interest rates (Welsh Government, 2016).

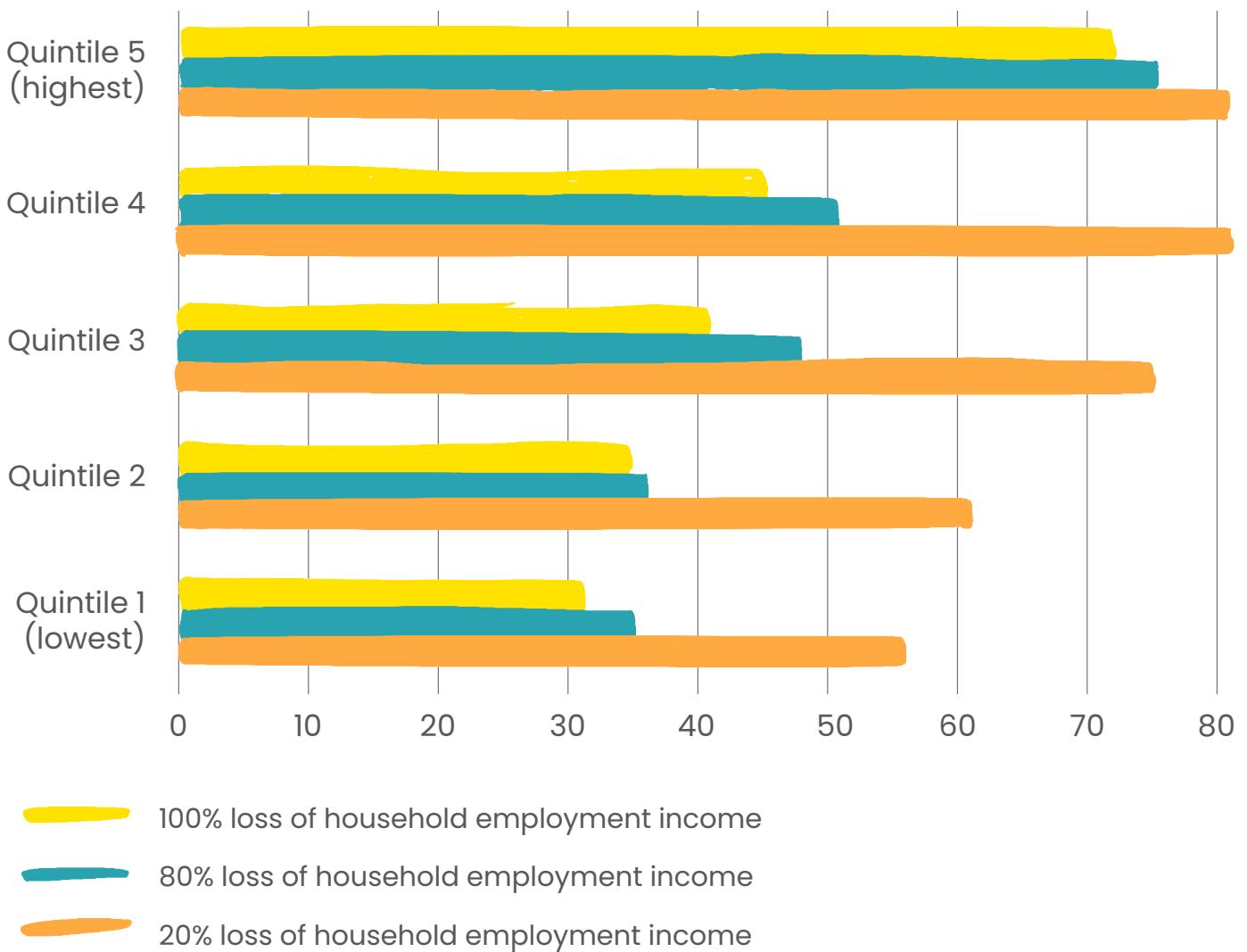
Having sufficient savings to cover financial obligations and other material needs in the face of unexpected costs and/or reductions in income can help to prevent people from falling into poverty. Data from the Wealth and Assets Survey 2016-18 shows that in this period, only 56% of those in the lowest employment income quintile in Wales had sufficient formal financial assets to cover a 20% reduction in household employment income for a period of three months (Office for National Statistics, 2020b). This fell to 35% of those in the lowest income quintile for a three-month long 80% reduction in income and to 31% for a 100% income loss for the same length of time.

Households in the highest employment income quintile were the most likely to have sufficient formal financial assets to cope with income reduction. 81% of these households had enough assets to cover a three-month reduction at 20%, 75% had sufficient assets to manage an 80% reduction in employment income and 72% would be able to cover a 100% reduction in employment income (Office for National Statistics, 2020b) (Figure 16). (It should be noted that these data only pertain to households where the household head is in employment and so is not representative of the financial resilience of unemployed households.)

Other financial factors can also act as drivers and/or be consequences of poverty and social exclusion. In addition to a lack of savings, the Joseph Rowntree Foundation highlights the lack of adequate pensions as a potential future driver of poverty in Wales. In 2018 only 58% of employed working-age adults in Wales were actively engaged in a pension scheme (Joseph Rowntree Foundation, 2018). However, there was significant variation in this rate between the poorest quintile in Wales of whom only 26% were participating in a pension scheme compared to 72% of those in the richest quintile (Joseph Rowntree Foundation, 2018). However, the complete rollout of automatic enrolment⁸ which was completed in February 2018, should now mean that all employees in Wales have a pension (Pensions Advisory Service, 2020).

⁸ 'Automatic enrolment It makes it compulsory for employers to automatically enrol their eligible workers into a pension scheme. The employer must also pay money into the scheme.' (Pensions Advisory Service, 2020)

Figure 16: Proportion of households able to cope with specific levels of income reduction by quintile, 2016-18



Source: Office for National Statistics, 2020b

Debt

Debt is a key consequence of poverty and can also prevent people from escaping poverty and social exclusion. In discussions of poverty and debt, debt is often considered in terms of 'problem debt'. Problem debt occurs when households are 'unable to meet contractual payments on consumer credit or household bills (including housing costs)' (Hartfree and Collard, 2014, p. 5). In 2019, debt charity Step Change estimated that 8% of adults in Wales (about 193,000 people) had severe debt problems. The same report found that an additional 412,000 people in Wales were in financial distress (Step Change, 2019). The most common type of debt among low-income households is arrears in household bills, including council tax and utility bills.

A number of household characteristics are associated with increased risk of problem debt (Hartfree and Collard, 2014). These include:

- living in rented accommodation;
- being out of work (for a variety of reasons);
- being in low-paid or part-time work;
- being under 30;
- having dependent children;
- having limited savings; and
- having physical or mental health problems.

A reduction in income, rather than low income alone, is often the main cause of problem debt. Drops in income as a result of redundancy, reduction of working hours, relationship breakdown or having to give up work have been shown to be the main cause of financial difficulty in almost half of cases (Hartfree and Collard, 2014).

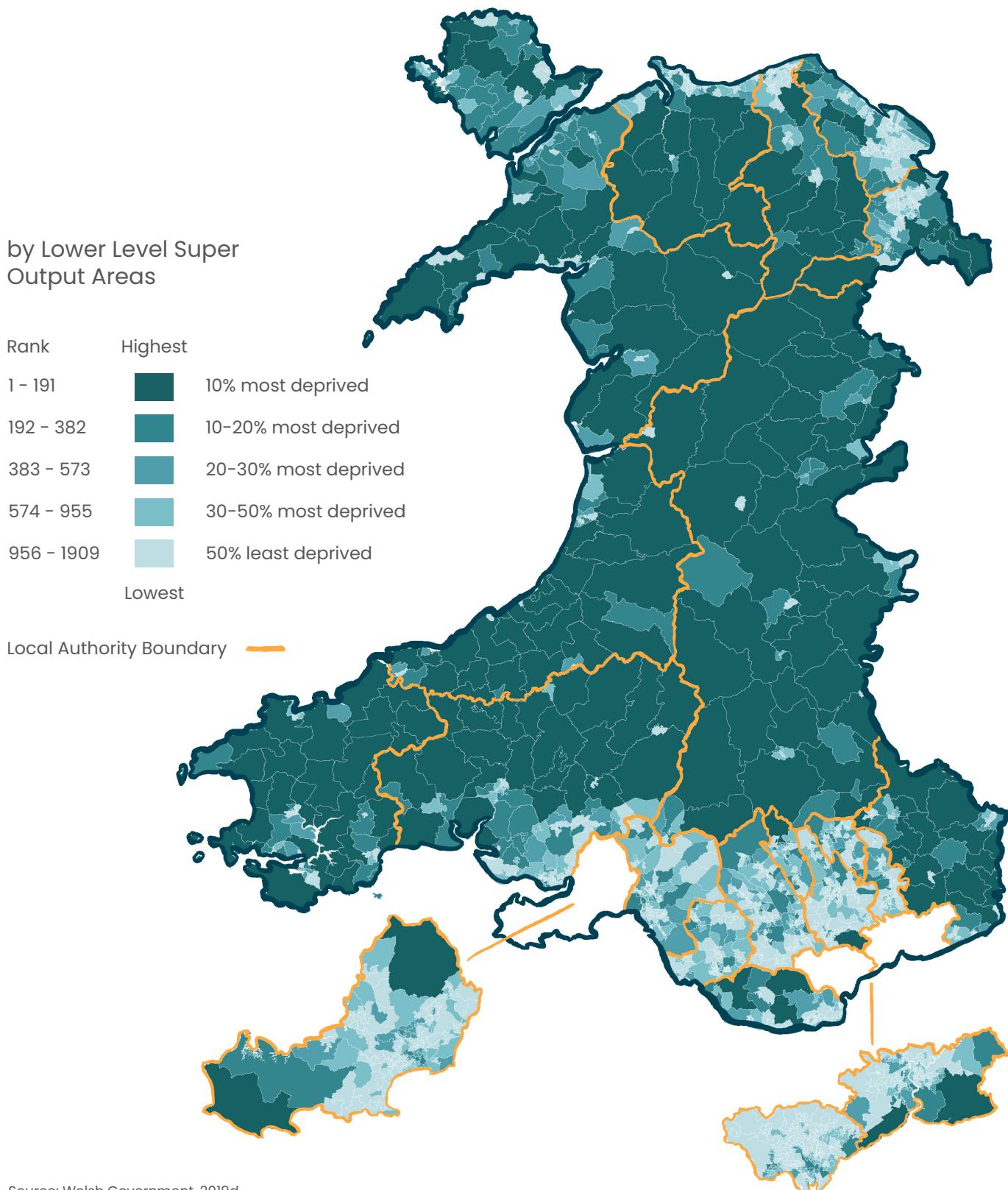
However, low income alone has been found to be the main cause of people experiencing financial difficulty, in around 15% of cases on average (Hartfree and Collard, 2014).

5.1.2 – Access to public and private services

Social exclusion is not limited to the consideration of material and economic resources. The inability to access a range of services is both a consequence and cause of social exclusion. Being able to access public services allows people to access other forms of resources including education, healthcare and social care, and social security, as well as various private services. Social exclusion can limit peoples' ability to access these services which in turn can exacerbate poverty and exclusion. Key services covered in this section are social security, education, health, utilities, transport and financial services. Fuel poverty, internet access and childcare services are covered in detail elsewhere in section 5.1.2 and in section 5.2.1.

The Welsh Index of Multiple Deprivation's (WIMD) 'access to services' domain captures the ability of households to access key services – both public and private. It assesses accessibility in terms of average travel time to nine types of service (food shop, pharmacy, post office, petrol station, GP surgery, sports facility, public library, primary school and secondary school) as well as access to broadband (Figure 17). In 2019, the WIMD classified large areas of rural Wales as highly deprived in terms of service access. There were also some areas with high deprivation near large urban areas.

Figure 17: Map showing the WIMD rankings in the 'access to services domain', 2019



Source: Welsh Government, 2019d

Social security

Social security is a public service which is a key determinant of material and economic resources for many of the poorest in society. Insufficient social security has been highlighted by the Joseph Rowntree Foundation as a key driver of poverty in Wales (Joseph Rowntree Foundation, 2018). The Welsh Government has limited power over social security as the administration of social security in Wales is reserved to the UK Government. The Welsh Government administers a small number of grants and allowances amounting to around £400 million per year (Joseph Rowntree Foundation, 2020a). These devolved schemes include the Council Tax Reduction Scheme (CTRS), the provision of Free School Meals (FSM) and the Discretionary Assistance Fund (DAF).

Before the Coronavirus pandemic, more than two in ten working-age adults in Wales were receiving income-related benefits. Of those receiving these benefits, 45% were living in poverty. This is 30 percentage points higher than those not receiving income-related benefits (Joseph Rowntree Foundation, 2020a). This suggests that social security is not providing sufficient financial support to keep people out of poverty or to lift them out of it. There are two main reasons for this.

First, the real value of working-age benefits was significantly reduced across the UK during the Coalition government in the early 2010s and Conservative government from 2015 onwards. Changes made to working-age benefits by the UK government reduced entitlement to both benefits and tax credit for working-age families, which suppressed incomes for those receiving benefits (Institute for Fiscal Studies, 2019).

An analysis carried out by the Equality and Human Rights Commission found that, in England and Wales, four changes made by the UK Government had the greatest impact on families on the lowest incomes: cuts to work allowances in Universal Credit, the 'bedroom tax' removal of the spare room subsidy, the two-child limit on Housing Benefit and Universal Credit, and the uprating freeze on transfer payments.

The Institute for Fiscal Studies argues that the reduction in working-age benefits since 2010/11 can account for almost all of the increase in relative in-work poverty in the past ten years (prior to the Coronavirus pandemic). However, it notes that the reduction in working-age benefits in general has not resulted in an increase in absolute in-work poverty because of the concurrent increase in the personal allowance (Institute for Fiscal Studies, 2019). Nonetheless, the Institute for Fiscal Studies identifies the reduction in working-age benefits as a key driver in the increase in relative poverty in the last decade (Institute for Fiscal Studies, 2019).

The second factor is debt, which can act as a barrier for people trying to access social security services and in turn, lead to increased social exclusion. The Bevan Foundation has highlighted debt to public bodies as a key barrier to people accessing the social security support they need (Bevan Foundation, 2020b). Public bodies can charge fees for the provision of services including council tax, rent and school meals. Being indebted to these services, for example by being in arrears on council tax payments, can prevent people from accessing other services, which, in turn, can exacerbate social exclusion. A growing number of public services in Wales are requiring advance payment or payment through direct debit. This can create and aggravate financial difficulties for those living in poverty or those close to living in poverty (Bevan Foundation, 2020b).

Education

Education is a key public service which has a significant influence on people's earning potential. Lack of access to good-quality education therefore poses risks of poverty and social exclusion. While compulsory education in Wales is free at the point of use, there are many barriers to education access for those experiencing social exclusion, apart from (and including) cost. These include: distance to school and a lack of suitable transport options (particularly in rural areas); physical and organisational barriers for disabled learners; poor quality of the school environment and teaching; cultural and linguistic barriers for refugee and migrant learners; and a lack of resources to support learning at home (e.g. a lack of IT equipment to use for homework, especially important during the lockdown). Other financial factors such as the cost of equipment, transport and school-related activities can also act as barriers to full access to education. All these factors can impact on educational attainment (discussed in more detail in section 5.2.3) which can be linked to poverty and social exclusion later in life.

Other barriers to accessing education are explored in section 5.2.3 on participation in education.

Healthcare

Healthcare is another vital public service that can influence people's ability to participate in society. Poor health – both physical and mental – can be a contributory factor to social exclusion and poverty. Poor health can act as a barrier to work, and to accessing services and engaging in society, which can lead to poverty and exclusion.

In addition to this, people living in poverty and who are socially excluded face barriers to accessing healthcare and other services, which can lead to poor health outcomes.

Healthcare in Wales is available as a free service at the point of use under the National Health Service (NHS), although this does not necessarily ensure easy access in all circumstances. People with sufficient resources are able to pay for private healthcare outside the NHS system.

NHS Wales aims for 95% of patients referred by their GP or other medical practitioners to begin their treatment within 26 weeks of referral. NHS Wales also aims for all patients whose care cannot be conducted within 26 weeks (e.g. complex treatments, patients who have decided to wait for treatment) to receive definitive treatment⁹ within 36 weeks (NHS 111 Wales, 2020). In 2019, 1,412,040 referrals were made to Welsh hospital diagnostic services. Of these 90.5% (1,277,413) were subject to a waiting time of less than 8 weeks, thus meeting the NHS target. Only 0.8% (10,797) of referrals were subject to waiting times of over 24 weeks (StatsWales, 2021f). Data are not available for the 26-week timeframe set out by NHS Wales. Although only a small proportion of cases were subject to waiting times over 24 weeks, this amounts to more than 10,000 people. Such long waiting times are likely to lead to patient dissatisfaction and frustration with healthcare services. In 2019, on average 97.3% of patients presenting to emergency care facilities in Wales spent less than the four-hour target time in an emergency department (StatsWales, 2021g).

⁹ 'First Definitive Treatment is the first clinical intervention intended to manage a patient's disease, condition or injury and avoid further clinical interventions. What constitutes First Definitive Treatment is a matter of clinical judgement in consultation with others, where appropriate, including the patient.' (NHS, 2021)

One key barrier to access to health services is people's location relative to the nearest health service, combined with their transport options. The National Survey for Wales asked respondents how easy or difficult they found it to travel to their GP surgery from 2012–2015. Across the three years, between 64–68% of respondents found getting to their GP surgery 'very easy', 26–28% found it 'easy', 4–6% found it 'fairly difficult' and 2% found it 'very difficult' (Welsh Government, 2021a). There is no breakdown available for income quintile or deprivation status in this data. The National Survey for Wales also asks people about their overall view health services in Wales, scored from one to ten, where ten is most positive. These data are provided with a breakdown by deprivation status. However, there is negligible difference in score between WIMD quintiles, suggesting that more deprived people tend to be as satisfied with health services as less deprived people. Across all quintiles and all years for which this question was asked between 2012–2019, scores were consistently between 6.2 and 6.4 (Welsh Government, 2021a).

The National Survey for Wales also collects information on social care services. Between 2014 and 2019, respondents were asked whether good social care services were available in their area, and responses were broken down by deprivation quintile. In the most recent survey where this question was asked (2018–19) the most deprived fifth of respondents were most likely to 'strongly agree' (22%) that there are good social care services in their area.

Other issues around health are explored in the health sub-domains in the quality of life section below.

Utilities

The ability to pay utility bills is a key issue for many people living in poverty and for those who are socially excluded. The Welsh Government defines a household as being in fuel poverty if they are spending 10% or more of their household income on energy costs. Fuel poverty is classified as severe if household energy expenditure is 20% or more of household income (Welsh Government, 2019c). In 2018, 155,000 (12%) households in Wales were living in fuel poverty compared to 15% of households in England in the same year¹⁰. 50% of households in fuel poverty in Wales in 2018 were single-person households without children (Welsh Government, 2019c).

The risk of fuel poverty varies according to tenure type, property characteristics, age of a property, insulation, central heating, and energy efficiency (Welsh Government, 2019c):

- Fuel poverty in 2018 was worst in the private rented sector, where 20% of households were living in fuel poverty.
- Fuel poverty is higher among households living in older properties. In 2018, 20% of households living in properties built before 1919 were living in fuel poverty.
- In 2018, housing with uninsulated walls had fuel poverty rates of 21% and houses with no central heating had fuel poverty rates of 39%.

¹⁰ It is important to note that fuel poverty in England is measured using a residual income metric, which differs from the measure used in Wales. Further detail on residual income metrics is provided in the footnote below.

The definition of fuel poverty used by the Welsh Government has been identified as problematic by a number of stakeholders. The current definition fails to exclude people *not otherwise* living in poverty who choose to spend more than 10% of their income on heating inefficient overlarge homes (e.g., high-income people who choose to live in large homes that use 10% of their income on heating but are able to afford this expense). Some have argued that a residual income model¹¹, like that used in Scotland and England, would be a better measure of fuel poverty in Wales (Bevan Foundation, 2020e).

Internet access

Access to the internet can provide people with a range of opportunities to access services, education, employment and to make social connections. A lack of access to the internet or suitable digital services can be both a symptom of poverty and social exclusion and exacerbate it. Around 13% of households in Wales have no internet access. In 2018–19, the proportion of households in the most deprived areas (as measured by the Welsh Index of Multiple Deprivation¹²) with internet access was 83% (Statistics for Wales, 2019a).

Internet access in Wales also varied by housing type. Three-quarters (75%) of households living in social housing had internet access, compared to 90% in private rented housing and 89% in owner-occupied housing (Statistics for Wales, 2019a). Levels of internet access were also lower among people who were economically inactive (78%) and unemployed (84%), compared to the 96% of employed people who had internet access in the home (Statistics for Wales, 2019a).

Transport

Lack of access to transport for logistical reasons or due to prohibitive costs is known to contribute to social exclusion and poverty, causing social isolation, limiting job opportunities, and acting as a barrier to using services (Gates, et al., 2019). A review by the Campaign for Better Transport found that transport problems contribute to poverty and social exclusion in a number of ways. The combination of poor transport and land-use planning that favours private car-based transport, was highlighted as a particular contributing factor. (Campaign for Better Transport, 2012). In 2019–20, 13% of households in Wales did not have access to a car or van, and therefore were reliant on other forms of transport. This includes the public transport network, which is limited in some areas, especially rural areas. In the 2019–20 National Survey for Wales, 3% of people reported that there were no bus services in their local area and 7% reported no train services in their local area (Welsh Government, 2021a).

¹¹ Under the English Low Income High Costs (LIHC) residual income model, households are considered to be in fuel poverty if they have above average fuel costs and if after paying for fuel they are left with a ‘residual income’ that places them below an officially defined poverty line (Department for Business, Energy and Industrial Strategy, 2020). For the most recent (2019) statistics England has introduced a new measure Low Income Low Energy Efficiency (LILEE), which is another residual income approach. LILEE classifies a household as being in fuel poverty if they have a residual income below the poverty line while also living in a home which has an energy efficiency rating below Band C (Department for Business, Energy and Industrial Strategy, 2021).

¹² The Welsh Index of Multiple Deprivation (WIMD) is a Wales-specific measure of multidimensional poverty (Stats Wales, 2020). The WIMD measures the relative level of deprivation in small areas of Wales by examining the concentration of different forms of deprivation in each area. The WIMD is updated every four to five years and the most recent edition was published in 2019 (Stats Wales, 2020).

Access to financial services

The ability to access financial services is important in the prevention of social exclusion and poverty. Also termed financial inclusion, access to financial services including bank accounts, savings accounts, loans and mortgages can provide opportunities for socio-economic advancement for people who may be experiencing or are at risk of poverty and social exclusion (Omar and Inaba, 2020). In the 2018-19 financial year, 98% of households in Wales had some form of savings or investment account. Of these, 95% held a current account and 33% had an individual savings account (ISA), in line with the UK average (Department for Work and Pensions, 2020a). However, the 2% of households without any form of bank account face significant barriers to participation in and access to resources. The effects of this are particularly excluding, given the trend towards a cashless economy (Lupo-Pasini, 2020).

5.1.3 – Social resources

Institutionalisation / separation from family

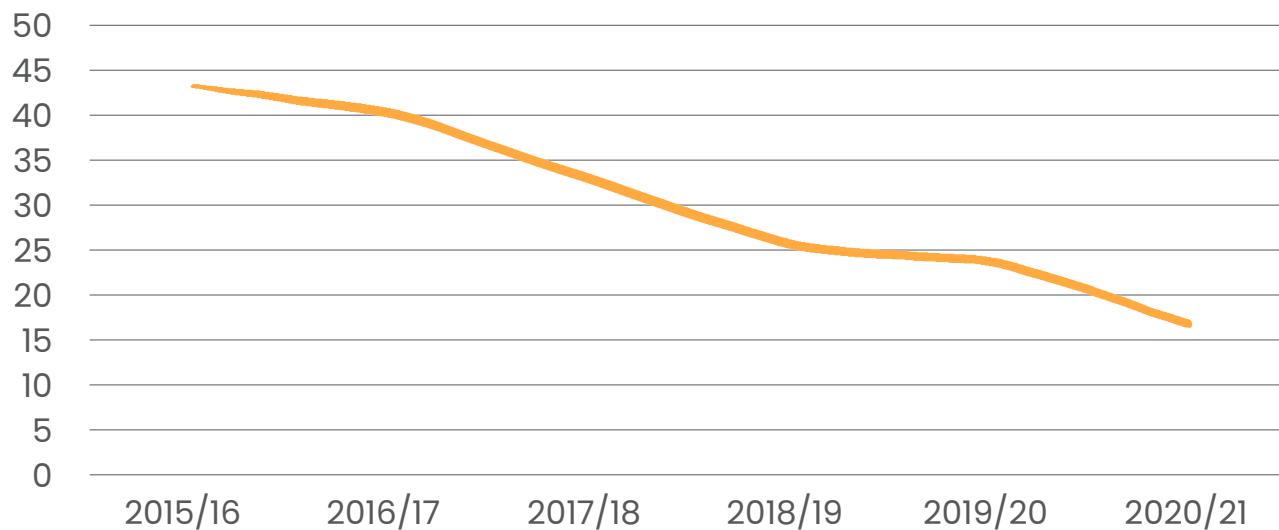
Institutionalisation and separation from family can limit an individual's ability to access social support from their family and social networks. This can exacerbate social isolation and be harmful to well-being (Levitas et al 2007; Sonuga-Barke, 2020). Institutionalisation and separation from family can occur for a variety of reasons and take many forms. These include: residential care, children looked after by the local authority, and institutionalisation in a prison or young offender institution. It is important to note that while children (and adults) can be separated from their families for necessary and just reasons, and institutionalisation does not have to, and should not, mean the end of social contact with friends and family, it frequently is the case.

The number of children and young people in youth custody (in young offender institutions, secure training centres and secure children's homes) who are under the supervision of Youth Offending Teams (YOTs) in Wales has decreased significantly since 2015-16. In 2015-16, the average secure youth population of Welsh YOTs was 43 children, with a peak of 54 in November 2015 – the largest secure youth population recorded in the Wales in the past five years.

The average secure youth population in Wales has fallen fairly consistently, reaching a low of 19 (on average) in 2020-21 (UK Government, 2021b). The secure youth population includes young people in young offender institutions, secure training centres, and secure children's homes.

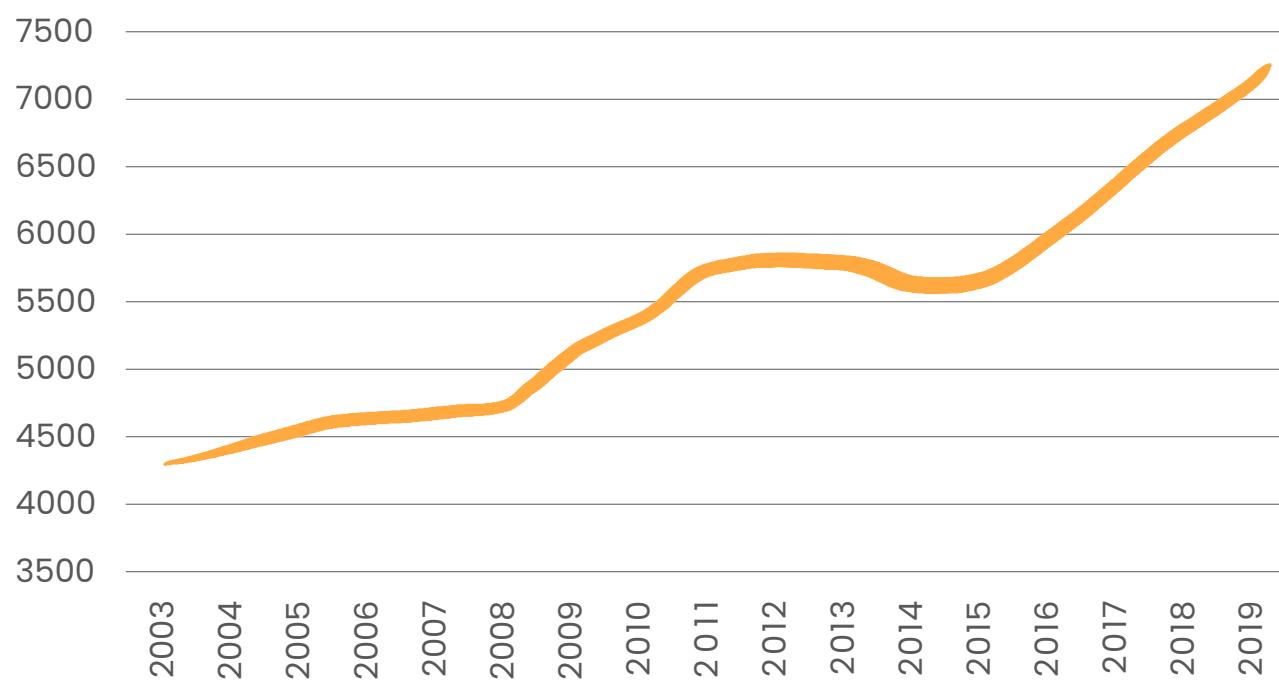
A looked after child is a person under the age of 18 years who has been in the care of a local authority for more than 24 hours (NSPCC, 2020). Looked after children can be in a range of different living arrangements, but most are either living with foster parents, living in a children's home or living in another residential setting (e.g., residential school or secure unit) (NSPCC, 2020). The number of children looked after in Wales has increased significantly over the past 20 years. In 2003 there were 4,195 children in the care of local authorities; the number increased to over 7,000 in 2020 (StatsWales, 2021a).

Figure 18: Average secure population in the Wales Youth Offending Team area, 2015–2021



Source: UK Government, 2021b

Figure 19: Number of children looked after in Wales 2003–2020



Source: StatsWales, 2021a

More than 125,000 adults over the age of 18 were in receipt of social care services in Wales in 2018–19 (StatsWales, 2020j). Of these, around 24,000 were in some form of residential care¹³. Adults in residential care are known to experience social exclusion through separation from friends and family, the lack of opportunities to build relationships and participate in community activities, and the lack of control over their activities both inside and outside their residential care setting (SCIE, 2012).

The highest proportion of these adults were in adult care homes without nursing, with 12,406 adults in Wales living in these facilities in 2018–19 (StatsWales, 2020j). This is more than double the number in adult care homes with nursing, the next largest group. Adult placements – where accommodation for up to three adults is provided by agreement of an adult placement scheme – accounted for the smallest proportion of adult residential care, with only 536 adults in such placements in 2018–19 (StatsWales, 2020j) (Figure 20).

Figure 21 shows the number of people in each age group in each type of residential care in Wales in 2018–19. The age group with the largest number of people in residential care in Wales in 2018–19 was the over 85s, with 10,168. This is almost double the number of 75–84 year-olds in residential care, which is the next largest group (StatsWales, 2020j).

While the 85+ age group has the largest population in residential care, it does not have the largest population in every type of residential care. The 25–64-year-old age group has the largest population in both supported accommodation and adult placements (Figure 21).

Social support and loneliness

Having adequate social support is extremely important to people's mental and physical well-being, which is in turn related to social exclusion and poverty. Social support can improve people's resilience when faced with stress, unexpected life events and other vulnerabilities (Ozbay, et al., 2007).

According to the National Survey for Wales, in 2019–20 10% of people felt that they did not have 'plenty of people to rely on' and a further 21% of people responded that they had 'more or less' enough people to rely on. Experiences of loneliness are more common. In 2019–20, 30% of people responding to the National Survey for Wales said they felt 'socially lonely', a level which shows little change from 2017–18, when the rate was 29%.

In the 2014–15 National Survey for Wales respondents were asked about the number of close friends and family they had. Almost a quarter of respondents stated that they had more than ten close friends and family, 30% said they had six to ten close friends and family, 32% had between three and five, 12% had one or two and 1% of people said they had no close friends or family (Welsh Government, 2021a). This question has not been asked in subsequent National Surveys for Wales.

¹³ The number of adults in residential care was calculated from the number in each of the following categories (adult care home without nursing, adult care home with nursing, supported accommodation, sheltered accommodation and adult placement) as captured in the StatsWales 'Adults receiving services by local authority and age group' dataset. These categories were deemed relevant based on the guidance document for local authority social services for this dataset (Welsh Government, 2020e).

Figure 20: Proportion of adults in Wales in residential care by type, 2018–19

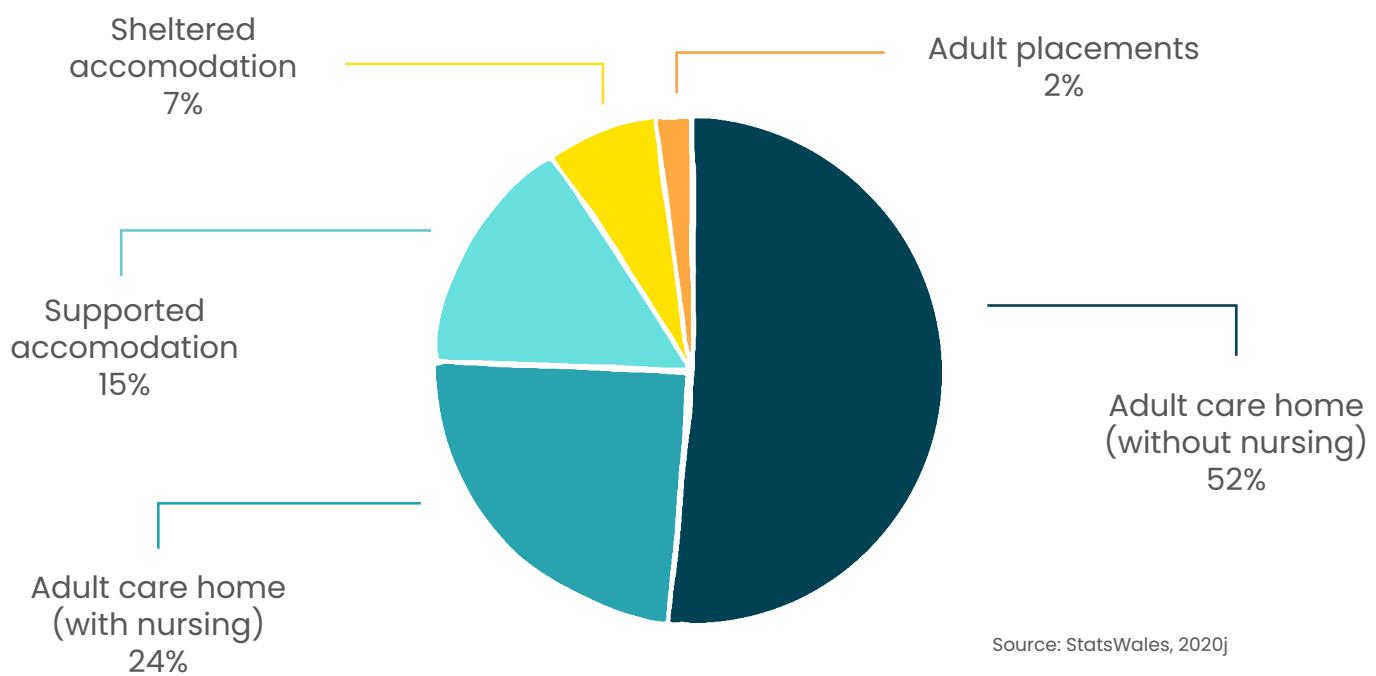


Figure 21: Number of adults in residential care in Wales by type and age 2018–19



In the 2012–13 National Survey for Wales respondents were asked about their overall satisfaction with personal relationships. They were asked to score their satisfaction out of ten with ten being ‘completely satisfied’ and zero ‘not at all satisfied’ (Welsh Government, 2012). Levels of satisfaction varied very little between different age groups. The average of responses for each age group was between 8.6 and 8.9. Those over 75 had the highest level of satisfaction at 8.9 while 25–44-year-olds had the lowest at 8.6 (Welsh Government, 2021a). This question has not been asked in subsequent National Surveys for Wales.

These data suggest that there is not an insignificant minority of people in Wales who feel either lonely and/or unsatisfied with their social support networks. This points to insufficient social resources and the experience of social exclusion.



5.2 – Participation

Participation and social exclusion: Key messages

Economic participation

- Increased levels of employment and a reduction in worklessness have been key drivers of gradual improvements in poverty levels in Wales in recent years.
- A lack of affordable childcare is a key driver of in-work poverty in Wales. Having to provide other forms of unpaid care, such as caring for disabled, ill or elderly family members, can also lead to social exclusion and poverty.
- Participation in volunteer work can reduce social exclusion through the building of social networks. Around 26% of people in Wales participate in volunteer work.
- The nature of working life, including the type of contract, type of work, and whether there is paid leave can influence people’s susceptibility to social exclusion.
- Quality of work is a key issue in Wales. The proportion of people in low-paid and low-quality work in Wales is high and was already increasing before the pandemic.

Social participation

- Lack of resources may limit people’s ability to participate in common social activities, leading to social exclusion.

Culture, education, and skills

- Qualifications and skills are key determinants of people's employability and income. The proportion of working-age people with no qualifications fell to 8.4% in 2019 from around 15% in 2008.
- The 'attainment gap' between disadvantaged children and their peers can contribute to poverty and social exclusion in later life. By the end of Key Stage 4 (KS4) children on Free School Meals in Wales are 50% less likely to achieve five or more 'good' GCSEs than their peers.
- Access to lifelong learning can help people improve their skills, which can help people move out of social exclusion and poverty. Participation in education decreases with age. In 2019, only 11.2% of 25-30-year-olds in Wales were engaged in any form of education.
- The inability to access and take part in cultural leisure activities is a form of social exclusion and limits people's ability to accumulate cultural capital. Only one in five people in Wales participated in arts activities in 2018-19.
- A lack of access to the internet or suitable digital services can be both a symptom of and exacerbate social exclusion and poverty. Around 13% of households in Wales have no internet access.

Political and civic participation

- Citizenship status can impact upon people's ability to fully participate in political and civic life, which in turn impacts on the level of social exclusion they experience. More than 93% of people living in Wales are UK citizens.
- Enfranchisement is also a key element of participation in society. In 2016, only 45.5% of registered voters turned out to vote in the Assembly elections.
- Key barriers to civic participation in Wales include disillusionment, finding politics confusing or unappealing, and a lack of knowledge about political participation.
- Almost 50% of people in Wales who responded to the National Survey for Wales between 2012 and 2019 felt unable to influence decisions affecting their local area.
- The participation domain includes the four sub-domains of economic participation; social participation; participation in cultural, educational and skills-building activities; and political and civic participation.



5.2.1 – Economic participation Paid work

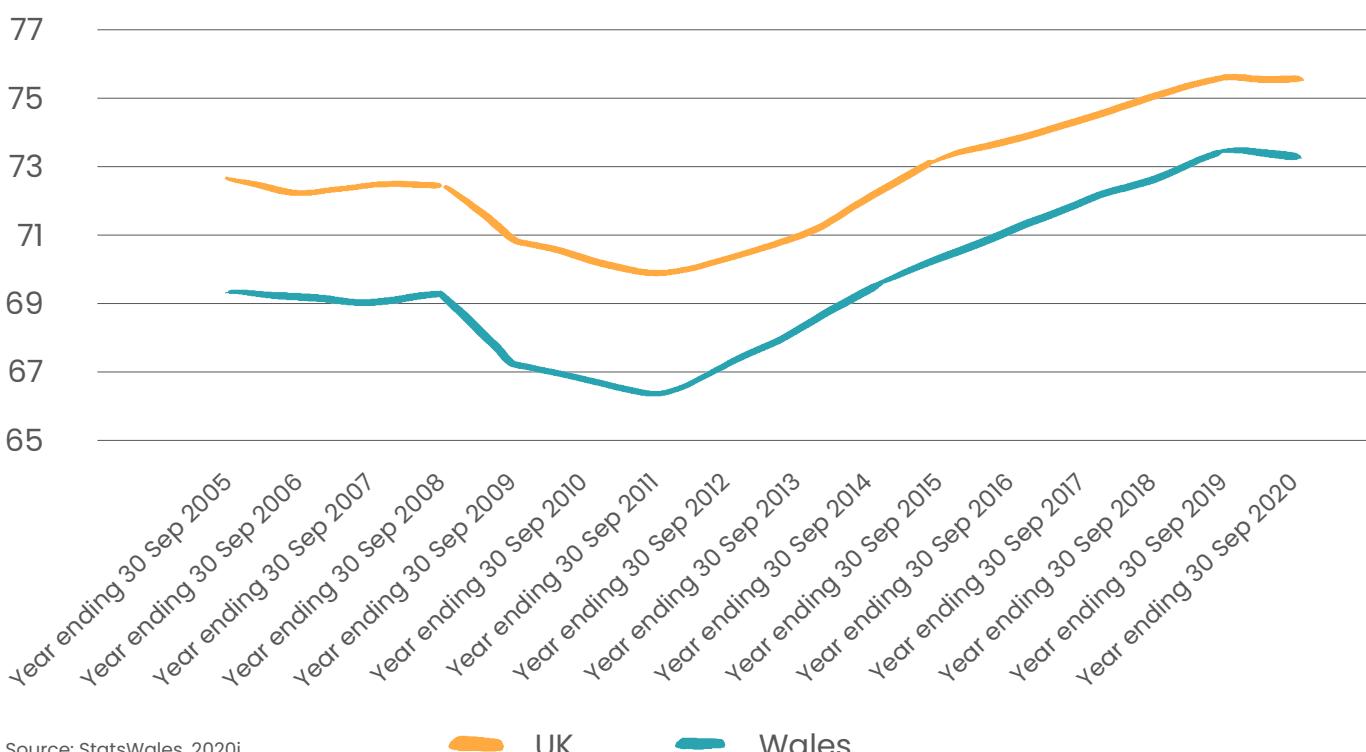
Increased levels of employment and a reduction in worklessness have been key drivers of improvements in poverty levels in Wales. Households where at least one person is in paid employment have a significantly lower risk of poverty than workless households. However, it should be noted that while being in paid employment can reduce the risk of poverty and social exclusion by improving people's ability to access resources, this is not true in all cases (Levitas et al., 2007). In-work poverty, low pay and low-quality work are key issues in Wales and all contribute to social exclusion and poverty.

The employment rate in Wales has consistently increased over the last 20 years, from 72% in June 2000 to 76% in June 2020, although there were some small short-term dips during this period (StatsWales, 2020d).

The 'employment gap' between Wales and the rest of the UK has improved dramatically since devolution. It is now at half the level it was in the 1990s, dropping from 4–5 percentage points to 2 percentage points in 2020 (Resolution Foundation, 2020a). The Resolution Foundation estimates that if the gap was closed and Wales achieved the same employment rate as the rest of the UK, an additional 45,000 people in Wales would be in work (Resolution Foundation, 2020a). Employment gaps within Wales (between different local authorities) have also improved in the last 20 years, as employment rates have increased (Figure 22).

The main driver of in-work poverty is related to the number of members of a household being in work and the amount of work being done by those household members. In general, two-earner households have become the norm, and prices have risen accordingly, resulting in single-earner households experiencing a significantly higher risk of in-work poverty.

Figure 22: Employment rate in Wales and the UK, 2005–2020



Single-earner households account for almost 60% of people experiencing in-work poverty in the UK, which is more than double their population share (Hick and Lanau, 2017).

It is important to note both the distinction and relationship between low pay and in-work poverty: they are related, but they are not the same. Just under 50% of households living in in-work poverty have a household member engaged in low-paid work (Hick and Lanau, 2017). However, many low-paid workers live in a household with additional earners, which allows the household, and by extension the low-paid worker(s), to avoid in-work poverty through the sharing of costs and resources. The key determinant of in-work poverty for low-paid workers is therefore the presence or lack of other earners in the household rather than the low pay itself (Hick and Lanau, 2017). Nevertheless, low pay remains an important factor driving in-work poverty in Wales.

A number of additional factors also contribute to in-work poverty, including inadequate in-work benefits, short hours and under-employment. Under-employment occurs when people are working fewer hours than they would like. This combines with low pay to drive in-work poverty and make it difficult for people to escape poverty. Wales had a similar rate of under-employment to other UK nations prior to the Coronavirus pandemic, at around 10% (Joseph Rowntree Foundation, 2020a).

Providing unpaid care

The Joseph Rowntree Foundation highlights a lack of affordable childcare options as a driver of in-work poverty for many families (Joseph Rowntree Foundation, 2020a). The need to balance childcare and work can lead to under-employment if suitable care is not available for the specific hours required, especially where parents work atypical hours. Similarly, the affordability of childcare can present a barrier to work for many low-income families. Childcare can consume significant proportions of households' economic resources and is often subject to the same issues experienced around access to other public and private services.

While the Welsh Government offers funding for 30 hours of free childcare a week for three-and-four-year-olds for parents working 16 hours a week (for at least the minimum wage), only 23% of local authorities are able to provide enough childcare to cover this entitlement (Joseph Rowntree Foundation, 2020a). This entitlement is also limited. It does not help families who work for less than 16 hours a week (who are entitled to only ten hours a week of free childcare); those who are studying alongside working or rather than working and so do not meet the 16 hours of work requirement; and those who have children under the age of three (Chwarae Teg and Bevan Foundation, 2019). The provision of childcare other than this offer is inconsistent and depends on a number of factors including local authority resources, area of residence, the age of the child, and the parents' work status (Table 2).

Table 2: Summary of Childcare provision

Age of child	Free Provision	Availability	Parents' work status
0–9 months	None	Private care only	Statutory maternity leave
10–23 months	None	Private care only	Any
2 years	12.5 hours a week for 39 weeks a year	Flying Start ¹⁴ areas	Any
3 and 4 years	10 hours a week foundation phase education (12.5 hours in Flying Start areas) for 39 weeks a year	Any	Any
3 and 4 years	30 hours per week childcare for 48 weeks a year (Can be combined with foundation phase education, but provision may not be in the same setting)	All local authorities from April 2019 but may not be fully implemented in each authority. A place is not guaranteed.	Income of £111 per week from working an average of 16 hours at minimum wage. Eligibility of parents seeking work or in training under review.
Primary school age	Free breakfast before the start of the school day in term time	Participating schools	Any
Primary and secondary school age	SHEP ¹⁵ — 12 days care over summer holidays	Participating schools with above-average proportion of children receiving free school meals	Any

Source: Reproduced from Chwarae Teg and Bevan Foundation, 2019, p. 26

¹⁴ ‘Flying Start helps families with children under 4 years old in disadvantaged areas of Wales. Help available includes: part-time childcare for 2 to 3 year olds, an enhanced Health Visiting service, access to parenting programmes, and support for children to learn to talk and communicate’ (Welsh Government, 2021c).

¹⁵ School Holiday Enrichment Programme (SHEP) – ‘SHEP is a school-based education programme that provides food and nutrition education, physical activity, enrichment sessions and healthy meals to children in areas of social deprivation during the school summer holidays. Food and Fun is the brand identity used at local level to promote schemes to children and families.’ (WLGA, 2021)

Outside childcare, Wales also has many unpaid carers who provide support for adults. Unpaid carers in Wales, who look after disabled, ill or elderly family members and friends, were estimated to have done £8.1 billion worth of work in 2015. This is almost twice the value of unpaid care work done in 2001, which was £4.5 billion (Carers Wales, 2015). Wales has a higher proportion of people providing unpaid care than any other UK country. There are around 370,000 carers in Wales. Of these 103,594 undertake more than 50 hours of unpaid care work per week (The Welsh NHS Confederation , 2018). The Welsh NHS Confederation highlights that the number of carers in Wales is rising and estimates that by 2037 over 500,000 people in Wales will be acting as carers, which represents a 40% increase on the current figures (The Welsh NHS Confederation , 2018).

Undertaking unpaid work/volunteering

Despite potentially limiting people's earning potential, undertaking unpaid work or volunteering can help to reduce social exclusion by providing opportunities for people to build their social networks.

The National Survey for Wales collects information on whether people volunteer, both formally and informally. In both 2016-17 and 2017-18, 28% of respondents were involved in volunteer work. This fell slightly to 26% in 2019-20 (Welsh Government, 2021a). Across all National Survey years, the 65-74 year-old age group had the highest proportion of volunteers (30-35%) (Welsh Government, 2021a). However, no data are available on the income bracket or deprivation status of those who do and do not volunteer.

Nature of working life

The nature of a person's work life can impact on the extent of their social inclusion or exclusion.

Influencing factors include the levels of job precarity or insecurity, the particular occupation or sector, and the type of contract. People who are in work but are subject to or at risk of social exclusion can be conceptualised as being in 'exclusionary employment' (Bailey, 2017). This concept, which explicitly builds on the B-SEM framework, outlines how people can be in employment but not experience the inclusion generally thought to accompany paid work. Exclusionary employment occurs where a job has at least one of the following characteristics (Bailey, 2017):

- High level of precarity or job insecurity such that the worker is at risk of losing their job imminently;
- Pay that is so low that the worker remains in or at high risk of poverty;
- Work that does not carry the same 'inclusionary benefits' as good-quality work or that is directly harmful to worker health and well-being.

The type of employment contract or arrangement workers are subject to (i.e. self-employment, full-time employment and part-time employment) can also impact on their level of social inclusion or exclusion.

The percentage of those in employment in Wales who were self-employed in the year ending 30 September 2020 was 13.8%, which amounts to around 200,300 people. The rate of self-employment in Wales is slightly below the UK level, which was 14.5% in 2020.

Wales has a slightly higher proportion of workers in part-time employment than the UK as a whole. In 2020, 26.6% of workers in Wales were in part-time employment compared to 25.7% of workers in the UK as a whole (StatsWales, 2021c). See Figure 23 for an overview of the composition of the Welsh workforce by occupation (StatsWales, 2021d).

Quality of work and working life

Quality of work is a key issue in Wales. The OECD has developed a set of criteria to assess job or work quality. Under this framework earnings quality, labour market security and quality of the working environment are examined to determine the quality of a job (OECD, 2016). Poor quality jobs are characterised by low pay such that workers' wellbeing is compromised by their level of income, high levels of job insecurity and a high risk of unemployment and a poor-quality work environment (often where there are high job demands but few resources to meet these demands). This conceptualisation of low-quality work can be seen to align closely with the concept of 'exclusionary employment' as outlined in the previous section (Bailey, 2017). Low quality work relates to social exclusion in much the same way as exclusionary employment as workers do not experience the social exclusion benefits of work due to the low-quality of their job.

The proportion of people in low-paid work in Wales is high and was increasing before the pandemic. When the Living Wage¹⁶ was launched in 2012, 23.5% of workers in Wales were earning less than this figure. In 2018–19 this had increased to 26%. This issue is worse among part-time employees, 48% of whom earn less than the real Living Wage, compared to 17% of full-time employees (Statistics for Wales, 2019b).

Wales also has lower numbers of high-paying jobs compared to the rest of the UK. Less than 13% of workers in Wales are employed in the two highest-paying sectors¹⁷, while the average for the rest of the UK is 17% (Resolution Foundation, 2020a) (Figure 24).

A large proportion of workers in Wales (around one-third) are employed in low-paid sectors. Of these low-paid workers, more than half are employed in sectors such as retail, hospitality and tourism, which are known for their employment practices of limited numbers of hours and insecure contracts in addition to low pay (Webb et al., 2018). This type of low-quality work is highly correlated with high levels of in-work poverty.

5.2.2 – Social participation

Participation and social roles

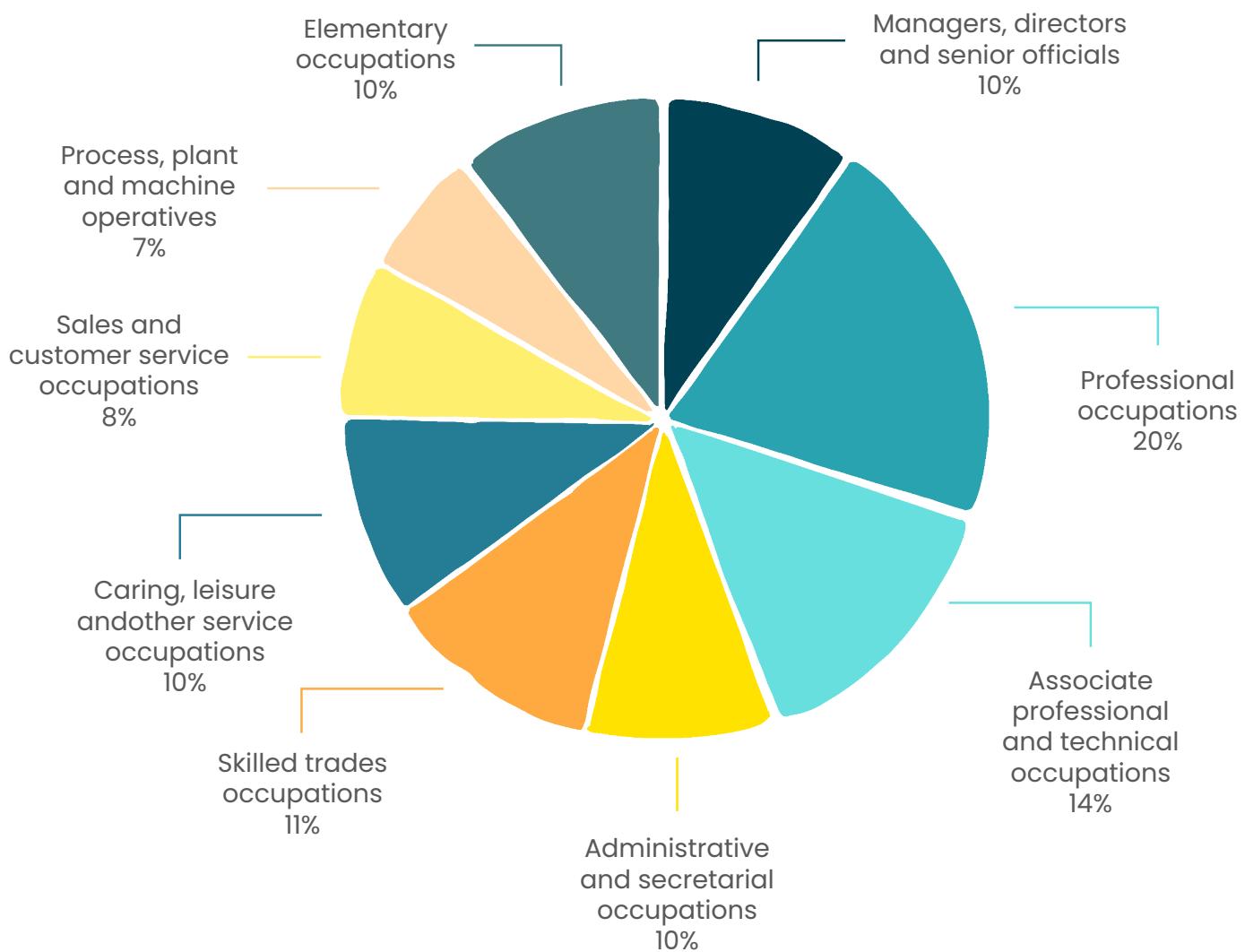
Lack of resources may limit people's ability to participate in common social activities and carry out specific/expected social roles and behaviours, leading to feelings of social exclusion (Levitas, et al., 2007). For example, parents or grandparents being unable to purchase birthday gifts for the children in their family due to a lack of economic resources can be seen as an inability to fulfil the normative expectations of this social role. However, there is very little to no data available on these forms of social exclusion in Wales.

Information on participation in key social activities is provided in sections 5.3.1 (sport), 5.2.4 (religious activities) and 5.2.1 (volunteering).

¹⁶ 'The UK National Living Wage, accredited by the Living Wage Foundation, is an hourly rate of pay, which is intended to provide those who receive it with a decent standard of living.' (Heery, et al., 2015, p. 4) The Living Wage is based on employee need and is higher than the national minimum wage. The UK National Living Wage for 2020/21 is £9.50, the national minimum wage is £8.72 (UK Government, 2021a).

¹⁷ The Resolution Foundation identifies these sectors as 'professional and scientific' and 'ICT, finance and property' (Resolution Foundation, 2020a, p. 24)

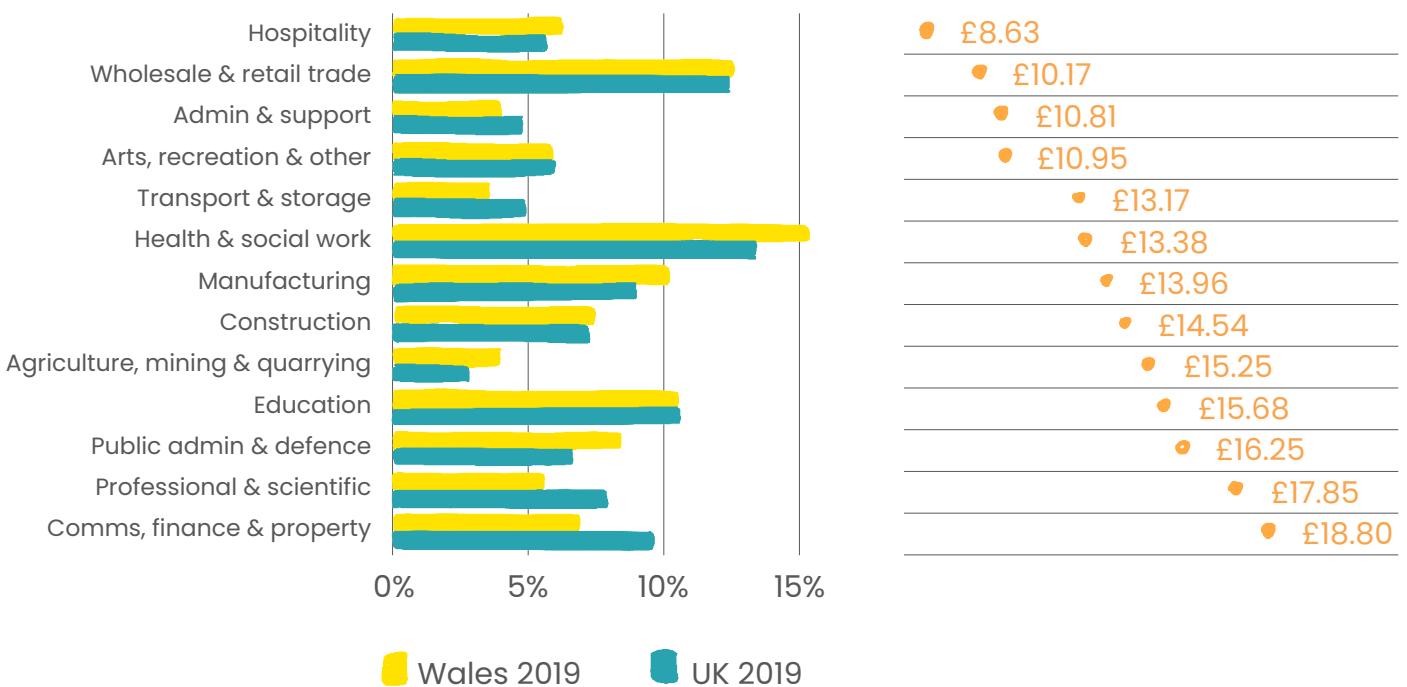
Figure 23: Proportion of the Welsh workforce employed by occupation, 2020



Source: StatsWales, 2021d

Figure 24: Proportion of employment by sector in Wales and the UK, 2019–20

Proportion of employment (left side) and median pay (right side), by sector: Wales & GB/UK, 2019 & 2019/20



Notes: Pay data covers employees only, and is calculated as a weighted average of sectoral medians for those categories that combine multiple sectors. Employment data is for UK and median pay data is for GB.

Source: RF analysis of ONS, Annual Population Survey; ONS, Annual Survey of Hours and Earnings.

Source: Resolution Foundation, 2020, p. 24

5.2.3 – Culture, education and skills

Basic skills

Qualifications and skills are key determinants of people's employability and income. They act as both a barrier to and facilitator of work and career progression. While qualifications and skills are not directly related to poverty, they are a key factor in determining people's access to good quality work, and are conceptually directly related to social exclusion as set out in the B-SEM.

Historically, the proportion of working-age adults with no qualifications in Wales was much higher than that in England and Scotland (Joseph Rowntree Foundation, 2018). The proportion of working-age people with no qualifications has now fallen to 8.4%, from around 15% in 2008 (Welsh Government, 2019a).

In the last 20 years the proportion of people in Wales with a degree or other higher education (HE) qualification has doubled. In 2018 37.8% of working-age adults had achieved HE education at NQF level 4 (Statistics for Wales, 2019b). Despite the progress in this area, investing in and ensuring access to high-quality further education (FE) and HE remains a key mechanism for increasing employability and income, and reducing poverty. While there has been significant improvement in adult educational attainment for both genders, women are more likely to achieve a NQF level 4 or higher qualification in all working-age groups.

Educational attainment

The 'attainment gap' between disadvantaged children and their peers can contribute to poverty in later life for children living in poverty. Educational attainment can therefore be seen as a key indirect driver of poverty. This gap is seen across all ages and is not exclusive to children from low-income families; it also affects children from Black, Asian, and Minority Ethnic backgrounds and children with additional or complex learning needs (Bevan Foundation, 2020b).

In the last ten years there has been an increase in the proportion of children who are eligible for Free School Meals (FSM) who achieve the Level 2 threshold¹⁸, including English/Welsh and Maths at Key Stage 4 (KS4) – from 22% in 2011 to 29.5% in 2018 (Welsh Government, 2019). However, evidence suggests that this has failed to close the attainment gap between poor students and their peers, especially at later stages of education. By the end of KS4 children on FSM are 50% less likely to achieve five or more 'good' GCSEs than their peers (Bevan Foundation, 2020b).

There has also been less progress in closing the gap for younger children. As of 2019, only 63.8% of year seven children eligible for FSM achieved the expected level of educational attainment at the end of the Foundation Phase¹⁹ of their education. This represents a decrease from 66.2% in 2012 and 67.9% in 2018 (Welsh Government, 2019a). The Welsh Government's 2019 Child Poverty Strategy: Assessment of Progress report suggests that 'this decline should be considered in light of recent policy changes which shift the primary purpose of teacher assessments back to individual learners, and away from holding schools to account'.

¹⁸ Level 2 threshold – a volume of qualifications at Level 2 equivalent to the volume of five GCSEs at grade A*-C. (Welsh Government, 2017a, p. 2)

¹⁹ Statutory curriculum for three- to seven-year-olds in Wales

Participation in education

Children and exclusion from school

Exclusion from school can have significant impacts on a child's access to education, which can have long-term impacts for excluded children in terms of social exclusion and their risk of experiencing poverty (Samaritans Cymru, 2018). One key example of the long-term impact of school exclusion is the 'school to prison pipeline', a concept which highlights how permanent exclusion from school can lead to imprisonment later in life which contributes to long-term social exclusion. A report by the Institute of Race Relations found that 89% of children in detention in England and Wales had been excluded from school (Perera, 2020).

There are a number of different ways in which children can be excluded from school. A fixed-term school exclusion involves the removal of a child from school for a set number of days, while permanent exclusion involves the removal of the child's name from the school register which means they are unable to return to that specific school (Welsh Government, 2020h). While these are the main types of exclusion for which data are collected in Wales, other forms of exclusion include lunchtime exclusions, managed moves, voluntary exclusion or elective home education (Samaritans Cymru, 2018).

In 2018/19 in Wales, there were:

- 39.1 fixed-term exclusions of five days or fewer per 1,000 pupils
- 1.7 fixed term exclusions lasting more than five days per 1,000 pupils
- 0.5 permanent exclusions per 1,000 pupils

In general rates of school exclusion have been increasing in Wales since 2013/14 (Welsh Government, 2020i). For fixed-term exclusions of five days or fewer the rate has increased consistently from 26.7 per 1,000 pupils in 2013/14 to 39.1 per 1,000 in 2018/19. The rate of fixed-term exclusions of more than five days has increased from 1.6 per 1,000 pupils in 2013/14 to 1.7 per 1,000 in 2018/19, although a high of 1.9 per 1,000 was reached in 2016/17. The rate of permanent exclusions has increased steadily since 2013/14 from 0.2 per 1,000 to 0.5 per 1,000 in 2018/19 (Welsh Government, 2020j).

Exclusion from school is linked to a number of inequalities. There is a known link between school exclusion and social isolation and loneliness, which can lead to poor mental and physical health outcomes. Risk of school exclusion is higher for children already experiencing disadvantages including socio-economic deprivation, poor health (child and parent) and additional learning needs (Samaritans Cymru, 2018). It is also disproportionately higher for Black children.

Adults and participation in education

In Wales in 2019, 64.2% of 16–18-year-olds were in full-time education, with a further 7.3% in part-time education and 6.4% undertaking work-based learning (StatsWales, 2020h). A far smaller percentage of 19–24 year olds were in education in 2019, 29.3% of people in Wales in this age group were in full-time education, 4.4% were in part-time education and 3.6% were involved in work-based learning. Only a small proportion of 25–30-year-olds were in education in Wales in 2019 – 4.2% were in full time education, 4.7% were in part time education and 2.3% were undertaking work-based learning (StatsWales, 2020h).

Lifelong learning services provide a route for people to get back into education beyond the ages of compulsory education. Access to lifelong learning can help people improve their skills which can help people move out of poverty by making them more employable and offering a way out of low-quality work and in-work poverty. While the Welsh Government has highlighted adult learning as an important part of their Taking Wales Forward 2016–2021 programme for government, there are limited data available on the provision and uptake of adult learning outside ages 16–30 (Welsh Government, 2017c) (Figure 25).

Cultural leisure activities

The inability to access and take part in cultural leisure activities is a form of social exclusion and limits people's ability to accumulate cultural capital. According to the National Survey for Wales 2016–17, only 29% of people who responded to the survey had participated in an arts activity in the previous 12 months. This fell to 22% in 2017–18 and 20% in 2018–19 (Welsh Government, 2021a). In 2019–20 a more detailed question was asked in the National Survey, which allowed respondents to specify which arts activities they had participated in the previous 12 months. The most popular activities were music and visual arts and crafts which 7% and 8% of respondents had participated in during the previous year. All other activities had less than 5% participation by respondents in the previous year. Overall, 81% of respondents had not participated in any of the specified arts activities in the previous 12 months (Welsh Government, 2021a).

The 2018–19 National Survey for Wales asked respondents about their attitude to the arts in Wales – specifically, whether 'Arts and cultural activity help to enrich the quality of my life'. Around 60% of respondents 'strongly agree' or 'tend to agree' with the statement. (Welsh Government, 2021a). No data breakdown was available for poverty or social exclusion.

5.2.4 – Political and civic participation

Citizenship status

Citizenship status can impact upon people's ability to fully participate in political and civic life, and influence susceptibility to social exclusion and poverty. In some circumstances citizenship status can also impact on people's ability to access key services, such as access healthcare through the NHS, and whether these services will be free or carry a cost.

Data on citizenship status in Wales are not publicly available. However, data are available for the place of birth for the Welsh population (Office for National Statistics, 2021b) (Table 3). While place of birth is not directly related to citizenship status and rights, these data do show that the vast majority of people living in Wales in 2019–20 were born in the UK and so were likely to be entitled to the rights and responsibilities associated with UK citizenship. It is important to note, however, that not being born in the UK or EU does not mean that people do not hold citizenship in the UK as many people born elsewhere can, and do, become citizens.

Official data on the number of 'illegal' or irregular immigrants living in the UK have not been updated since 2005, when were 430,000 people living in the UK without legal right to remain (BBC, 2020). While the number of people living in Wales as 'illegal immigrants' is very small these people almost always face severe social exclusion. Irregular migrants are generally not able to access social security, free healthcare or social housing services (The Migration Observatory, 2020).

Enfranchisement

Data on the number of Wales who are eligible to register to vote is not readily available. As of March 2020, 2,385,070 people in Wales were registered on the electoral roll, giving them the entitlement to vote in local and national elections (StatsWales, 2021b).

In the last National Assembly for Wales election in 2016, 45.5% of registered voters turned out to vote in Wales (The Electoral Commission, 2019a). There was some regional variation in voter turnout within Wales during the 2016 Assembly elections. Turnout was highest in Mid and West Wales where 50.6% of those eligible voted. This was followed by 46.7% in South Wales Central and around 43% in both South Wales West and North Wales. Voter turnout was lowest in South Wales East where only 41.8% of those eligible voted (The Electoral Commission, 2019a) (Figure 26).

Voter turnout at the ballot box in Wales for the 2017 UK General election was significantly higher than for the National Assembly for Wales election the previous year. Just under 68% of registered voters turned out to vote in the General election in 2017, while only 45.5% voted in the 2016 Assembly elections (The Electoral Commission, 2019b). In either case, there are a significant number of people who are not participating in general elections.

As of 2021, 16–17-year-olds are allowed to vote in Senedd elections. However, some data suggest that many of those young people who are newly eligible to vote have not registered to do so (BBC, 2021).

Figure 25: Participation of 16–30 year olds in education by mode in Wales, 2019

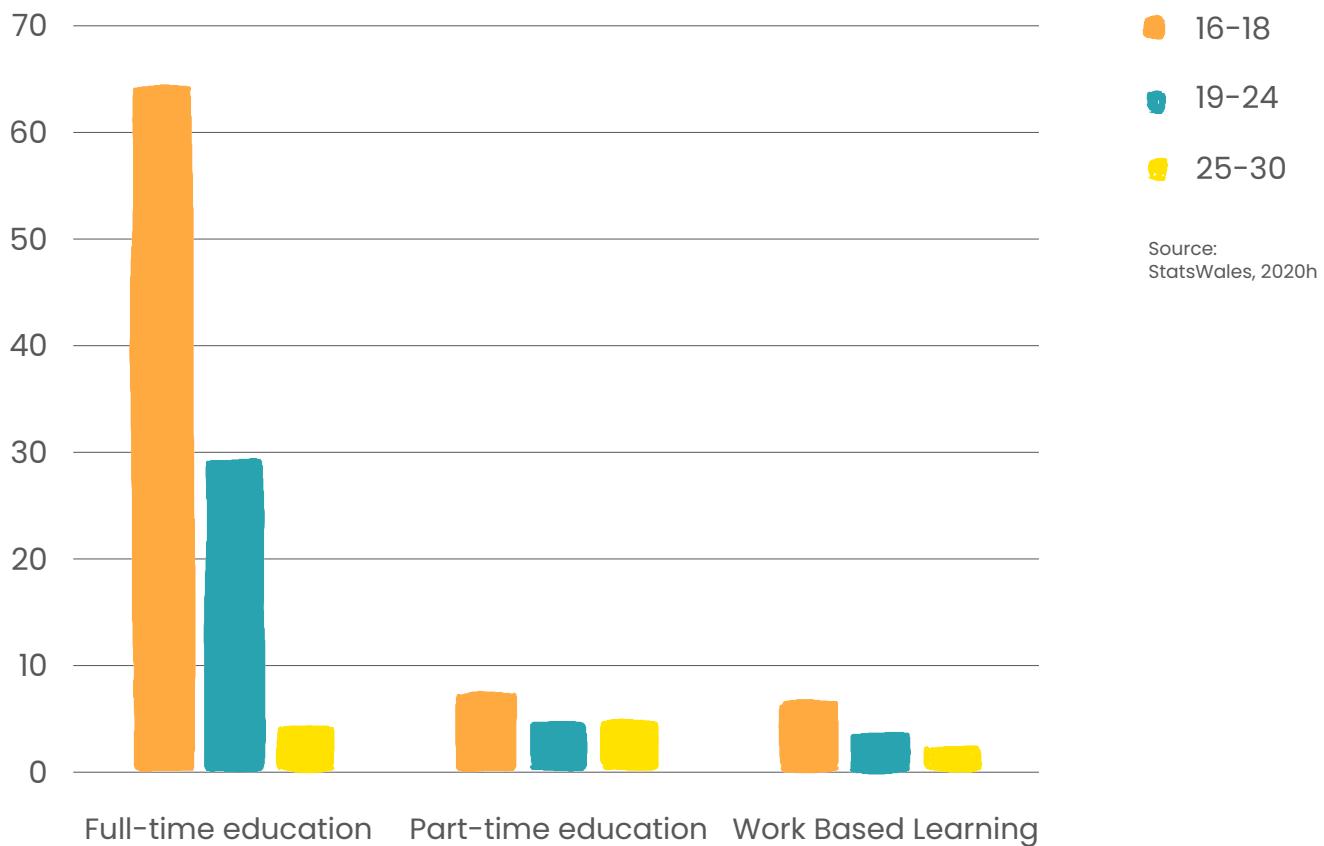
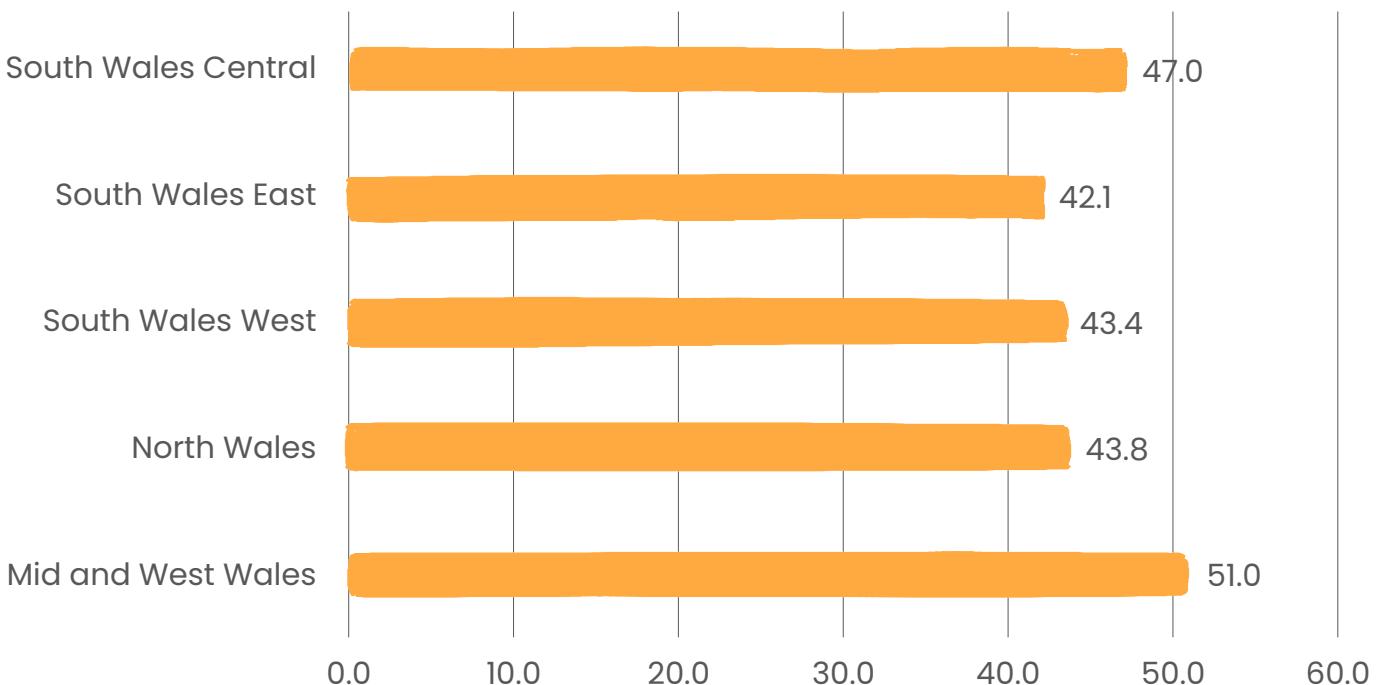


Figure 26: Ballot box turnout (incl. votes rejected at count) by region (%) National Assembly for Wales election 2016



Political participation

Exploratory research commissioned by the Welsh Government into democratic engagement and political participation in Wales found that the key barriers to political participation in terms of voting in elections were the same across all groups and that these barriers applied to all elections including local, Assembly and UK elections (Welsh Government, 2020j). These barriers included disillusionment, being confused by politics, finding politics unappealing and a lack of knowledge around political participation. The same research also found that young people (aged 14–17) and foreign nationals had more interest in local elections than disengaged adult citizens. Foreign nationals also face the specific barrier of uncertainty around their voting rights for the different types of elections that occur in Wales and the UK (Welsh Government, 2020j).

This research also found that while people cared about their local communities and had specific issues they felt should be raised, there were barriers to people engaging with local government (Welsh Government, 2020j). Participants in the study highlighted that they often did not know how to go about engaging with local government in order to raise issues or generate change. Many felt that they would not be listened to if they did raise an issue and community involvement was seen as pointless if it did not produce immediate change for the participants (Welsh Government, 2020j).

Stakeholders who took part in the study highlighted similar issues of political disengagement. The report highlighted that more visible and accessible community networks and political actors could help to improve political participation and engagement in Wales (Welsh Government, 2020j).

Civic efficacy

The extent to which people feel able to influence decisions being made in the political sphere can act as a proxy for subjective feelings of social exclusion (or a lack thereof) (Levitas, et al., 2007). Since 2012–13, the National Survey for Wales has been asking respondents whether they feel they can influence decisions affecting their local area (Table 4)²⁰. The proportion of people who 'strongly disagree' that they can influence local decisions has increased from 21% to 34% from 2012/13 to 2018/19.



²⁰ The question asks: 'To what extent do you agree or disagree... I can influence decisions affecting my local area. (FG indicator)'.

Table 3: Birthplace of Welsh population (thousands), 2020

Place of birth	Percentage of population
UK	93.3
European Union	2.7
Other Europe	0.2
Middle East and Central Asia	0.5
East Asia	0.2
South Asia	1.0
South East Asia	0.5
Sub-Saharan Africa	0.9
North Africa	0.1
North America	0.2
Central and South America	0.2
Oceania	0.2

Source: Office for National Statistics, 2021b

Table 4: National Survey responses for local area decision influence, 2012–19

	2012–13	2013–14	2014–15	2016–17	2018–19
Strongly agree	4%	4%	3%	3%	3%
Tend to agree	20%	21%	18%	17%	15%
Neither agree nor disagree	20%	17%	20%	21%	19%
Tend to disagree	36%	36%	35%	34%	28%
Strongly disagree	21%	22%	24%	25%	34%

Source: Welsh Government, 2021a

5.3 – Quality of life

Quality of life and social exclusion: Key messages

Health and well-being

- The connections between poor physical and mental health as both a cause and consequence of poverty and social exclusion are the subject of ongoing debate.
- The risk of poverty and social exclusion is higher for disabled people, the chronically ill and their families than for the rest of the Welsh population.
- Just under a quarter (24%) of people living in material deprivation in Wales in 2017–18 had a mental health disorder, while only 6% of people not living in material deprivation have any such disorder.
- Wales has the highest poverty rate among disabled people of all UK countries. In 2018 39% of disabled people in Wales lived in poverty compared to 22% of non-disabled people.
- People not in material deprivation in Wales have consistently reported higher life satisfaction than those in material deprivation.
- Low self-esteem and a lack of opportunities for personal development can be both a cause and consequence of social exclusion. Those who are socially excluded often have limited social networks and fewer opportunities to participate in activities which can contribute to their personal development and boost self-esteem.

- Stigma can be a contributing factor to social exclusion as people who are stigmatised often face discrimination and exclusion.
- There are links between poverty and social exclusion, and social determinants of health such as smoking, obesity and inactivity, which are underpinned by both structural and behavioural factors.

Living environment

- Housing costs represent one of the largest expenses for many households in Wales and are a key driver of poverty.
- Poverty is both a cause and consequence of homelessness. While homelessness is not always the result of poverty, most people's experiences of homelessness or severe housing insecurity are driven by poverty. In 2019–20, 31,320 households applied for homelessness assistance in Wales. In 2016–17, 60% of National Survey for Wales respondents in households in material deprivation felt safe at home, walking in the local area, and travelling. This compares to 75% of those not in material deprivation.
- 75–76% of people living in material deprivation in Wales report being satisfied with their local area compared to 87% of those not in material deprivation.
- Having access to open and green spaces is known to impact on people's well-being. More than 50% of National Survey for Wales respondents stated that they were very satisfied with the quality of local green space in 2018–19. More than 70% found it 'very easy' to walk to green spaces.

Crime, harm, and criminalisation

- 14.4% of adults in Wales had been the victim of a crime at least once in the year ending March 2020. This rises to 16% among adults in the most deprived areas of Wales.
- People in the most deprived areas of Wales report the highest levels of worry about crime.
- Bullying and harassment can be both a cause and consequence of social exclusion. Those living in material deprivation in Wales reported higher levels of workplace bullying (17%) compared to their non-deprived counterparts (11%) in the 2019–20 National Survey for Wales.
- The National Survey for Wales has consistently recorded higher levels of discrimination experienced by people living in the most deprived areas of Wales.
- According to Crime Survey for England and Wales estimates, 38% of people in Wales experienced or witnessed some form of anti-social behaviour in their local area in 2019.
- In 2019, there were 149 Welsh prisoners per 100,000 of the population of Wales. Together England and Wales have the 8th highest rate of imprisonment in the EU.
- The quality of life domain includes the sub-domains of health and well-being; the living environment; and crime, harm and criminalisation.

5.3.1 – Health and well-being

Physical health and exercise

The connections between poor physical and mental health as both a cause and consequence of poverty and social exclusion are the subject of ongoing debate. In the past 20 years there has been little change in the average health scores of the Welsh population. However, the risk of poverty for disabled people, the chronically ill and their families in Wales remains higher than for the rest of the population.

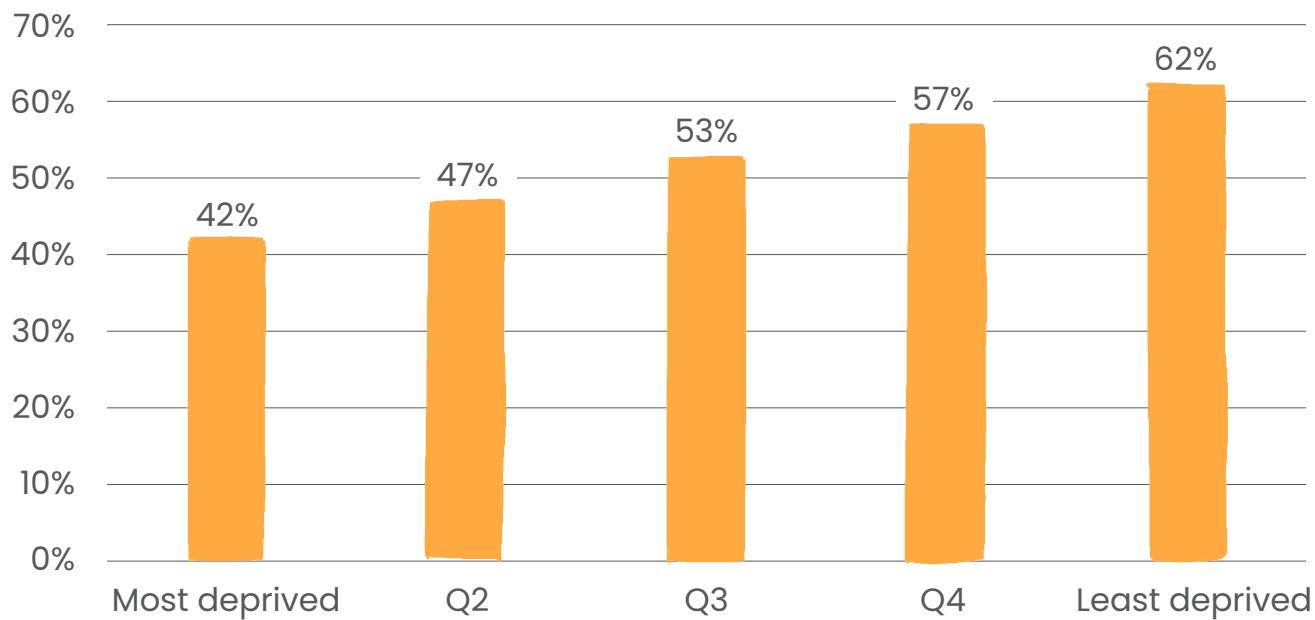
The National Survey for Wales, which has been used to collect health data in Wales since the end of the Welsh Health Census in 2015, asks respondents about their general health. There has been little change in the overall trend in responses since the question was first asked in 2013–14. However, 2019–20 was the first time that the largest proportion of respondents labelled their general health as ‘good’ rather than ‘very good’.

The 2018–19 National Survey for Wales provides information on the level of physical exercise undertaken in the previous week by adults broken down by the Welsh Index of Multiple Deprivation (WIMD) quintiles. The proportion of adults in each quintile who did 150 minutes of physical activity in the previous week are shown in Figure 27. Levels of physical activity decreased with increased deprivation.

Physical activity among children in Wales is measured separately by the National Survey for Wales.

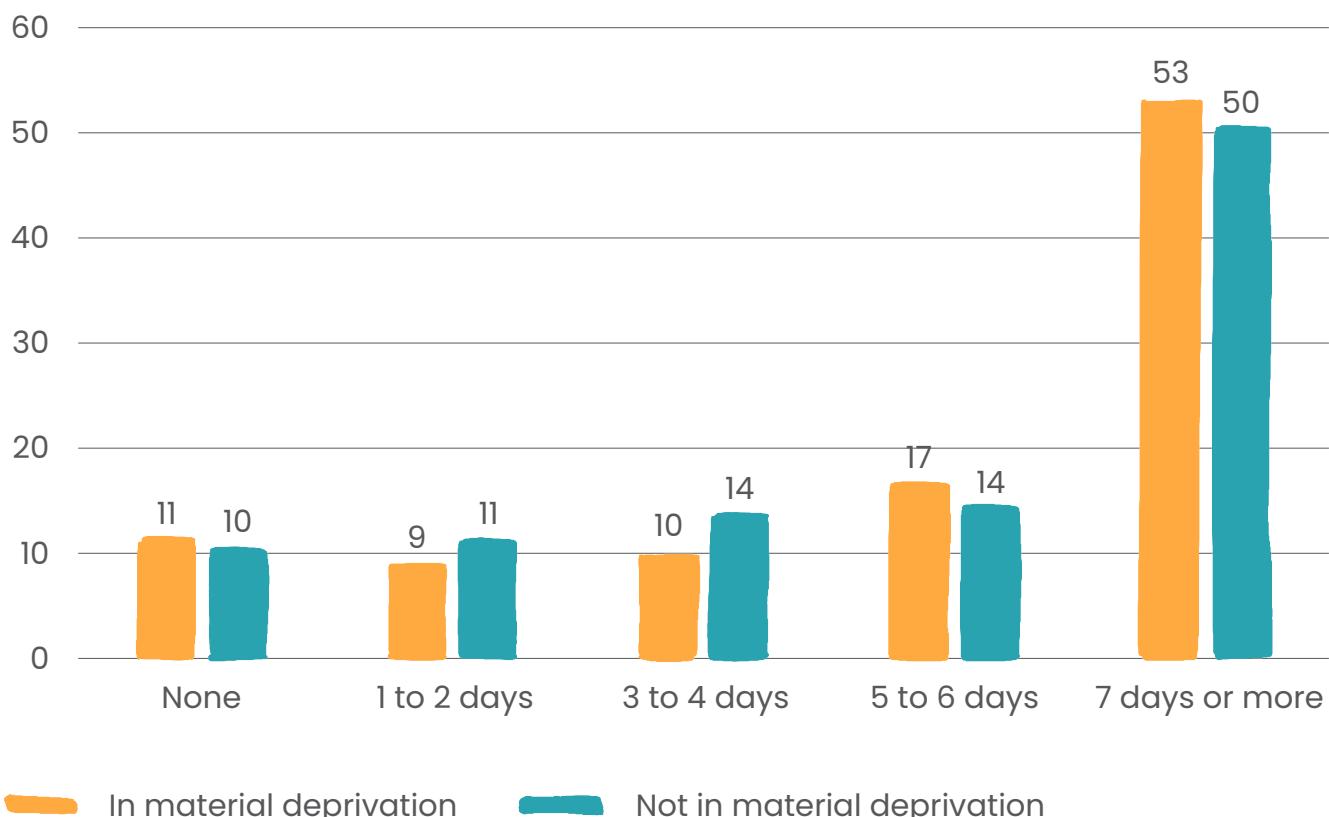
In 2016–17, only 51% of respondents said that their child, aged 3–17, was active for one hour (or more) every day. When respondents were divided into ‘in material deprivation’ and ‘not in material deprivation’ categories, the survey found that 50% of children aged 3–17 not living in material deprivation were active for one hour or more every day.

Figure 27: The proportion of adults in each quintile who did 150 minutes of physical activity in the previous week by WIMD quintiles, 2018–19



Source: Welsh Government, 2021a

Figure 28: Percentage of children who are active for one hour or more (age 3–17) by number of active days in a week and material deprivation status, 2016–17



Source: Welsh Government, 2021a

This increased to 53% for children in material deprivation. When households were asked how many days a week their child was active for one hour or more, there was slight variation between those in or not in material deprivation. A higher proportion of children in material deprivation were active for five to six or seven days than their non-deprived counterparts (Figure 28). A similar pattern of responses were recorded when the same question was asked about 3-7-year-olds in 2017-18.

Materially deprived adults are less likely to participate in physical activity, with only 45% reporting being active for 150 minutes per week compared to 54% of non-deprived people. 29% of materially deprived people in Wales have a BMI in the obese range (over 30) while the rate among non-deprived people is 21% (StatsWales, 2019b). Low levels of physical activity and obesity are known to contribute to poor health, obesity can be considered a health condition in its own right as well as being a risk factor for a number of other illnesses.

Mental health

Data relating to the links between mental health conditions and poverty in Wales are limited. Measures of material deprivation show that 24% of people living in material deprivation in Wales in 2017-18 had a mental health disorder, while only 6% of people not living in material deprivation have any such disorder (StatsWales, 2019b).

A report by Samaritans on suicide and socioeconomic disadvantage in Wales found that people experiencing socioeconomic disadvantage are less likely to seek out help for mental health issues (Samaritans, 2017). The same report also found that socioeconomically disadvantaged people are also less likely to be referred to specialist services after they have engaged in self-harm.

Disability

Far more data are available on the links between poverty and physical ill health and disability, compared to those available for mental health. Wales has the highest poverty rate among disabled people of all UK countries. In 2018, 39% of disabled people in Wales lived in poverty compared to 22% of non-disabled people. The poverty rate is also higher for families with at least one disabled person (Joseph Rowntree Foundation, 2018). Twenty-nine per cent of Welsh families which have at least one disabled member live in poverty, which is seven percentage points higher than the general rate.

Similar rates are seen where material deprivation is measured alongside income poverty. A quarter (25%) of materially deprived people in Wales have a long-term illness or disability compared to 12% of non-materially deprived people (StatsWales, 2019b). Almost a quarter (23%) of materially deprived people in Wales who are not themselves ill or disabled have a household member with a long-term illness or disability compared to 11% of non-deprived people (StatsWales, 2019b).

Disabled people face specific barriers to work and are particularly affected by the shortcomings of the social security system – both of which contribute to the elevated risk of poverty and social exclusion faced by this group.

Life satisfaction

Since 2014-15 the National Survey for Wales has collected data on life satisfaction for those in and not in material deprivation in Wales. Respondents were asked how satisfied they were with their lives (on a scale of one to ten). The survey results suggest that there has been little change in life satisfaction in Wales for both materially deprived and non-materially deprived people over the last five years.

However, it should be noted that life satisfaction among materially deprived respondents has declined slightly from a score of 6.8 in 2014–15 to 6.5 in 2019–20. Those not in material deprivation have consistently reported higher life satisfaction than those in material deprivation. The average life satisfaction scores given by those not in material deprivation has not fallen below 8 at any point since the question was first asked, whereas the scores given by those in material deprivation remain below 7 (Figure 29).

Personal development / Self-esteem

Low self-esteem and a lack of opportunities for personal development can be both a cause and consequence of social isolation. Those who are socially excluded often have limited social networks and fewer opportunities to participate in activities that can contribute to their personal development and boost self-esteem. And those with low self-esteem may struggle to participate in these activities, thus leaving them at risk of social exclusion.

Data on self-esteem in Wales are limited, and there are no data on self-esteem linked to poverty and social exclusion.

Vulnerability to stigma

Stigma can be a contributing factor in social exclusion as people who are stigmatised often face discrimination and exclusion. The B-SEM highlights long-term receipt of means tested benefits as one possible cause of stigma that is frequently associated with poverty and economic exclusion. However, there are many other forms of stigma that can exacerbate social exclusion that people are vulnerable to. However, little to no data are collected on stigma and social exclusion in Wales.

Self-harm and substance misuse

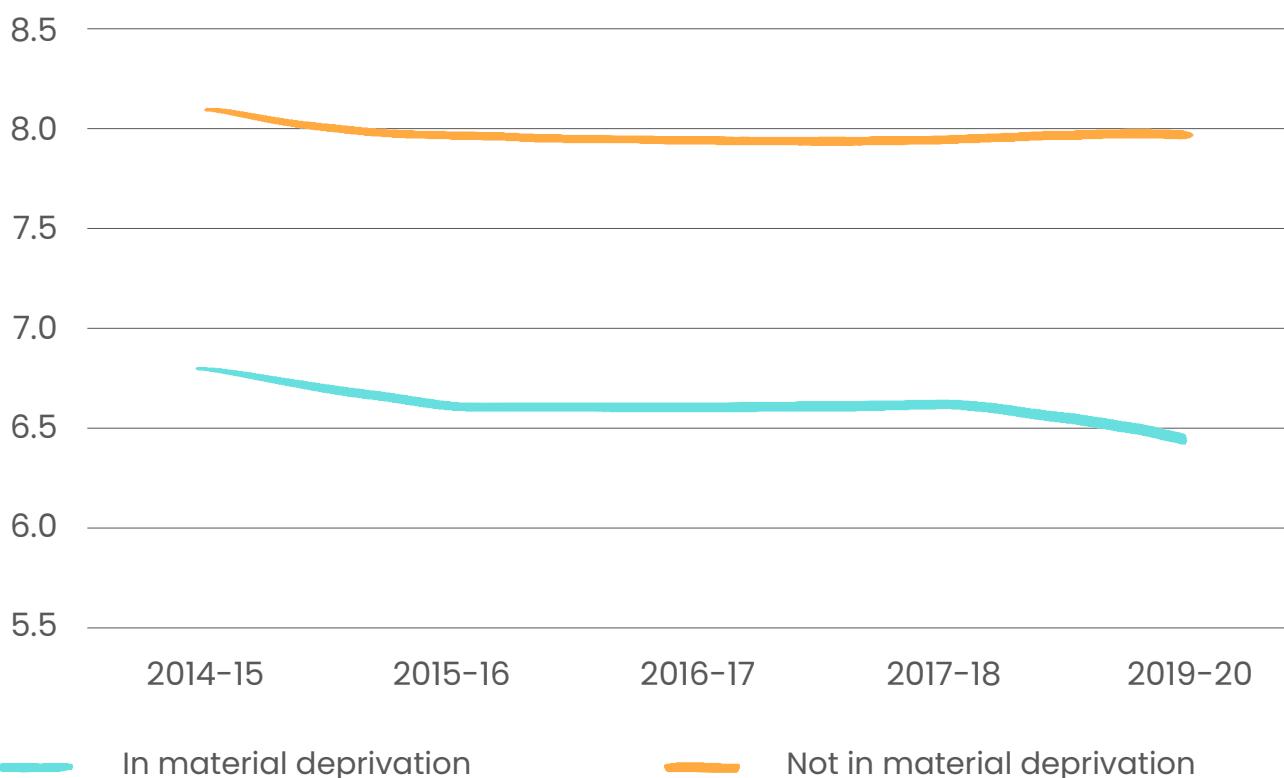
There are links between poverty and social determinants of health such as smoking, obesity and inactivity, which are underpinned by structural as well as behavioural factors (Short and Mollborn, 2016). Rates of smoking and obesity are higher among people who are materially deprived in Wales, while rates of physical activity and sport are lower. In 2017–18, 38% of people in material deprivation smoked, compared to 16% of people not in deprivation (StatsWales, 2019b).

Data on substance abuse in Wales are limited. Quarterly data are available on the number of referrals to drug and alcohol agencies and the number of assessments undertaken by these agencies, the number of treatments started, cases closed, and cases remaining open into the next quarter. The following graph shows the number of referrals, assessments and treatments started between 2015–2020. The data show that levels of substance misuse service use have remained fairly consistent over this period (StatsWales, 2021e) (Figure 30).

While there are links between poverty, deprivation, social exclusion and substance misuse, it is important to note that these links are complex. Factors related to poverty and social exclusion that can also contribute to substance misuse risk include 'fragile family bonds, psychological discomfort, low job opportunities and few community resources' (Scottish Drugs Forum, 2007, p. 3).

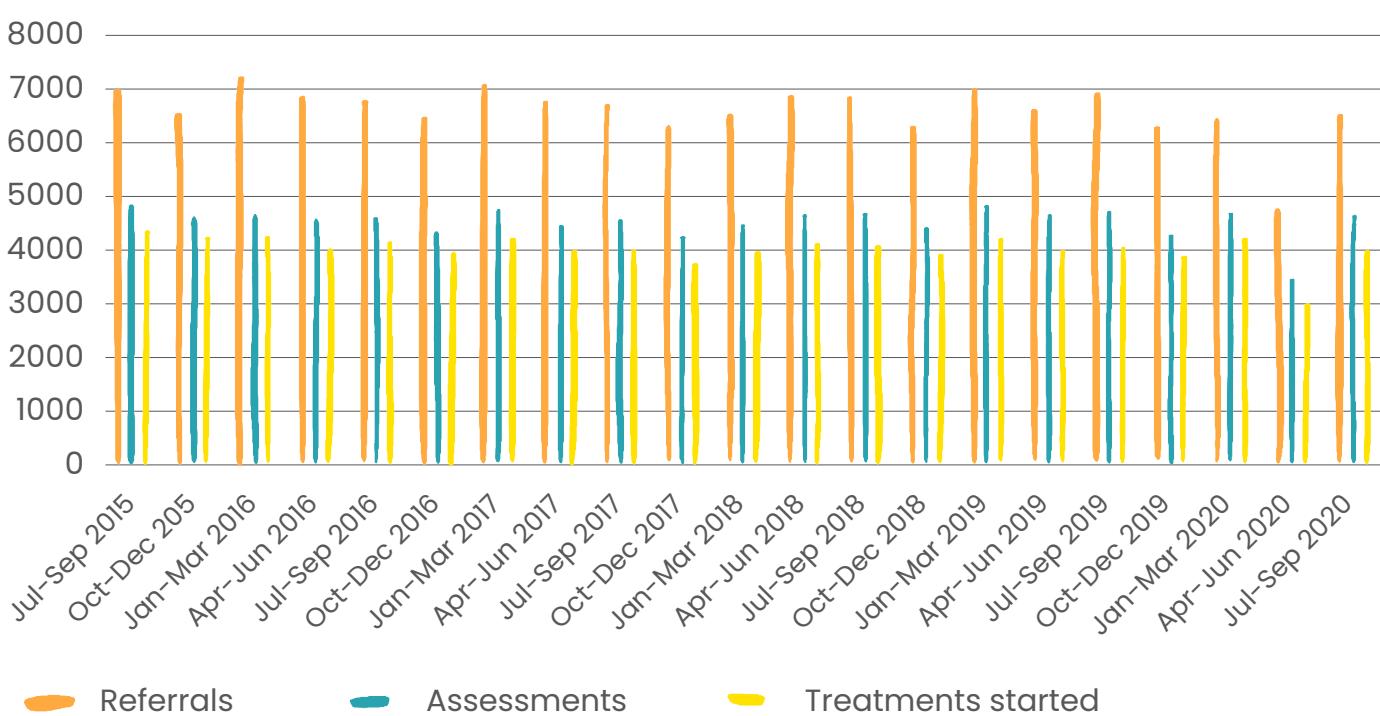
Data on levels of self-harm in Wales are fairly limited. The Patient Episode Database for Wales, produced by the NHS, recorded 10,346 finished consultant episodes for intentional self-harm in Welsh hospitals during 2020. Of these, 9,958 episodes resulted in hospital admission (NHS Wales, 2021).

Figure 29: Life satisfaction by household material deprivation status, 2014–20



Source: StatsWales, 2021a

Figure 30: Substance misuse referrals, assessments and treatments started in Wales by quarter, 2015–20



Source: StatsWales, 2021e

The Office for National Statistics records the number of deaths recorded as suicides per year in England and Wales. Since 2002 the number of suicides per year in Wales has fluctuated. However, as this statistic is provided as an absolute number rather than as a proportion of deaths or relative to total population it is not possible to discern how the rate of suicide in Wales has changed over time (Office for National Statistics, 2020c) (Figure 31).

People living in poverty and in disadvantaged communities experience the highest risk of suicide. Research by Samaritans finds that a range of factors associated with poverty including low income, problem debt, poor quality housing and poor living conditions, and unemployment contribute to the higher risk of suicide among disadvantaged people (Samaritans, 2017).

5.3.2 – Living environment

Housing quality

Housing costs represent one of the largest expenses for many households in Wales. The Joseph Rowntree Foundation identified rising housing costs as a driver of poverty in Wales (Joseph Rowntree Foundation, 2018). In 2018 the proportion of working-age adults in Wales spending more than a third of their income on housing costs was 13%. Among the poorest fifth of working-age adults, 42% were spending more than a third of their income on housing. This has increased from 36% in 1994–97 (Joseph Rowntree Foundation, 2018).

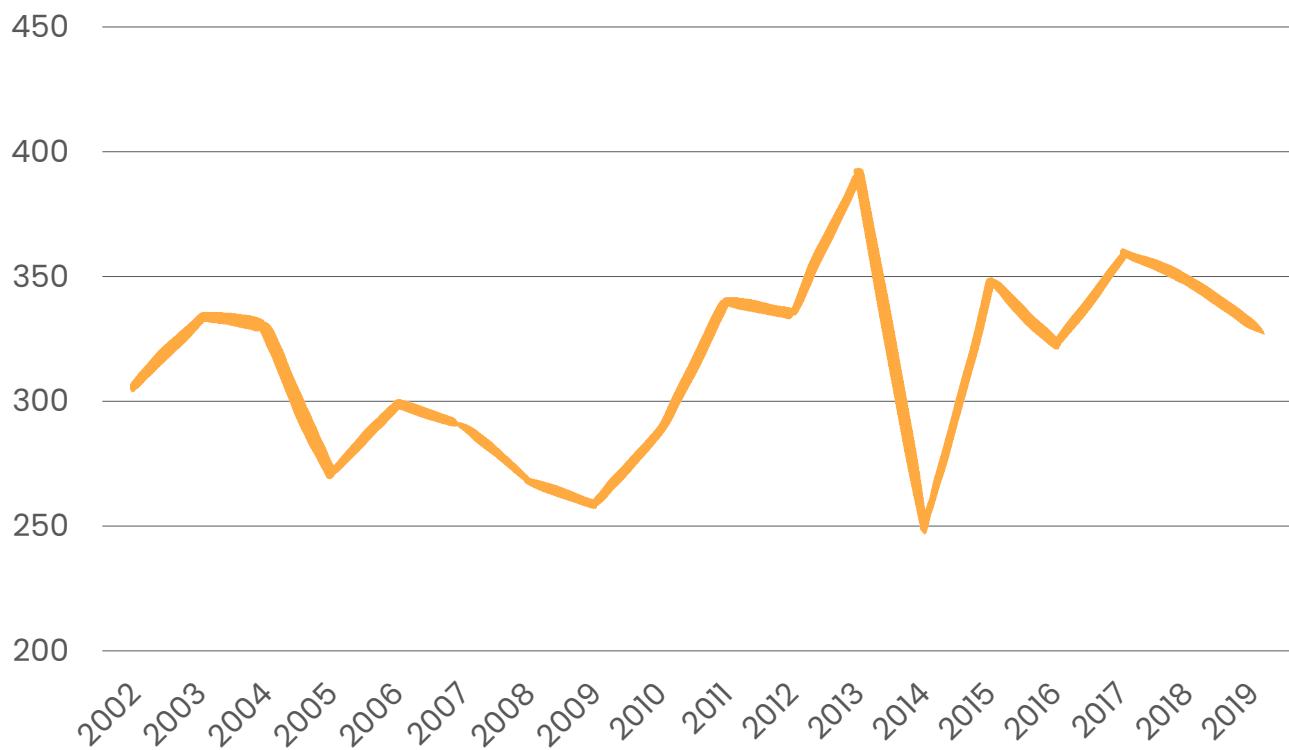
Historically, Wales has had higher than average levels of homeownership compared to the rest of the UK, which has kept average housing costs relatively low (Joseph Rowntree Foundation, 2020a). However, since 1998, the proportion of people renting from housing associations and the private sector has increased while home ownership and renting from local authorities has decreased (Joseph Rowntree Foundation, 2018).

This shift has been attributed to a lack of social housing and rising house prices – a trend seen across the UK (Joseph Rowntree Foundation, 2020a).

It should be noted, however, that the private rented sector remains smaller than the social housing sector in Wales. The proportion of social rented housing has fallen from 20% in 1997 to 16% from 2006 onwards. Owner-occupation has also decreased from 75% to 69% of housing stock. In contrast, the private rental sector has grown from 8% to 15% of properties in Wales (Joseph Rowntree Foundation, 2018). Despite the steady growth of the private rental sector in Wales over the past 20 years, private rent increases have consistently fallen below inflation. This resulted in a 2% reduction in real terms housing cost for these tenants between 2009–12 and 2016–19 (Joseph Rowntree Foundation, 2020a). Social rents, on the other hand, have risen at above-inflation rates for much of the past five years. However, private rents remain high relative to social rents. As a result of continuing high rents, the cost of housing remains a key driver of poverty in Wales, despite housing costs falling by 2% in real terms between 2009–12 and 2016–19 (Joseph Rowntree Foundation, 2020a).

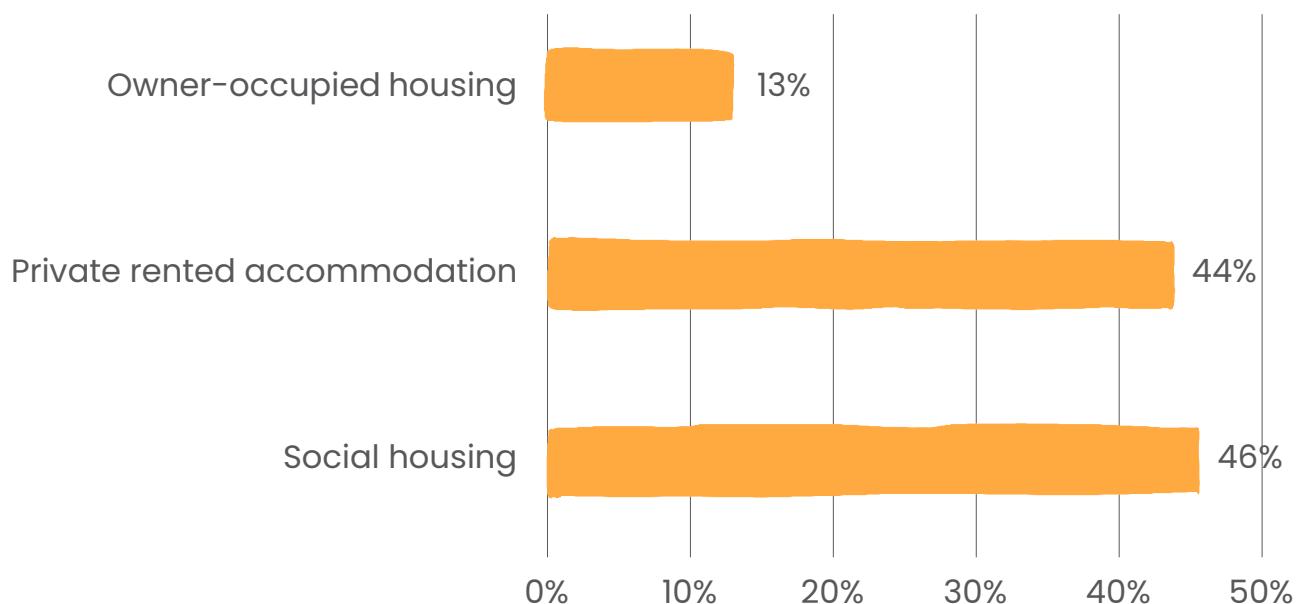
Despite changes in the housing mix, the Joseph Rowntree Foundation has found that the risk of poverty has decreased for people across all types of housing over the past 20 years. However, there is variation in the risk of poverty between different types of housing. In 2018, 13% of owner occupiers were living in poverty compared to 44% of private tenants and 46% of social tenants (Joseph Rowntree Foundation, 2018) (Figure 32).

Figure 31: Number of deaths recorded as suicides in Wales, 2002–2019



Source: Office for National Statistics, 2020c

Figure 32: Percentage of people living in poverty in Wales by tenure type, 2017–18



Source: Joseph Rowntree Foundation, 2018

Another key issue relating to social housing for low-income households is quality. In 2002 the Welsh Government introduced the Welsh Housing Quality Standard (WHQS) as a means of ensuring that all social housing in Wales is of good quality. In 2013, 40% of social housing stock met the WHQS: this has increased to 90% in 2018 (although the 2018 figure includes 'acceptable fails') (Statistics for Wales, 2018). The Welsh Government has set a target for all social housing to meet the WHQS by 2020.

Quality of housing in Wales is also assessed using the Housing Health and Safety Rating System (HHSRS). Under this classification hazards are rated and housing with a category 1 hazard (scoring more than 1,000 in the HHSRS) is classified as being below the minimum acceptable standard (Watson, et al., 2019).

According to the 2017-18 Welsh Housing Conditions Survey, households in material deprivation had a slightly higher rate of reported category 1 hazards at 19% than those not in material deprivation at 17% (Welsh Government, 2018b). The proportion of homes with category 1 hazards also varied by tenure type. Private rented housing had the highest proportion of category 1 hazards at 24%, followed by 19% of owner-occupied housing with social housing had the lowest proportion at 7% (Welsh Government, 2018b).

Recent data on overcrowding are not available for housing in Wales. However, the 2011 census found that 26.3% of social rented households with dependent children could be classified as overcrowded. This compared to 11.5% of owned or shared ownership households with children and 18.2% of private rented households with children (Watson, et al., 2019).

Homelessness

Poverty and social exclusion are both causes and consequences of homelessness. Being in poverty or being socially excluded severely restricts people's resources and their ability to use any resources they may have to avoid or resolve a housing crisis. While homelessness is not always the result of poverty, most people's experiences of homelessness or severe housing insecurity are driven by poverty (Johnsen and Watts, 2014). The UK Homelessness Monitor found that, in the UK, homelessness is concentrated among the poorest groups within society. This group of people have the fewest resources to mobilise in crises and so are the least able to avoid homelessness as a result of crisis. This relationship remained even during the 2008 recession when many more affluent households also faced crisis situations (Johnsen and Watts, 2014).

Poverty and social exclusion are also a consequence of homelessness. Being homeless limits people's ability to engage in the labour market and so homeless people experience extended periods of low income. Homeless people are also often reliant on out-of-work benefits, which are not sufficient to support the minimum cost of items necessary to maintain a participation in society and a basic acceptable standard of living according to the Minimum Income Standard (Johnsen and Watts, 2014).

Homeless people face a range of barriers to employment including a lack of stable housing, discrimination, limited work experience, poor self-esteem and other complex needs resulting from disability/ health conditions, lack of educational attainment and other vulnerabilities. Having been homeless in the past can also create disadvantages for people who have since secured housing.

Many formerly homeless people continue to experience low incomes even after they have secured housing and employment. Studies have shown that homeless people who have been resettled often experience more entrenched financial poverty as a result of outstanding debts, housing costs and the general costs of running a household including energy, water and food bills (Johnsen and Watts, 2014).

In 2019-20, 31,320 households applied for homelessness assistance in Wales. This has increased from 28,881 in 2017-18 and 22,260 in 2015-16 (StatsWales, 2020e).

There is significant geographical variation in the distribution of homelessness assistance application in Wales. In 2019-20, homelessness assistance applications increased by 29% in Merthyr Tydfil, 18% in Swansea, 13% in Carmarthenshire and 11% in Newport, Rhondda Cynon Taf and Powys compared to 2018-19.

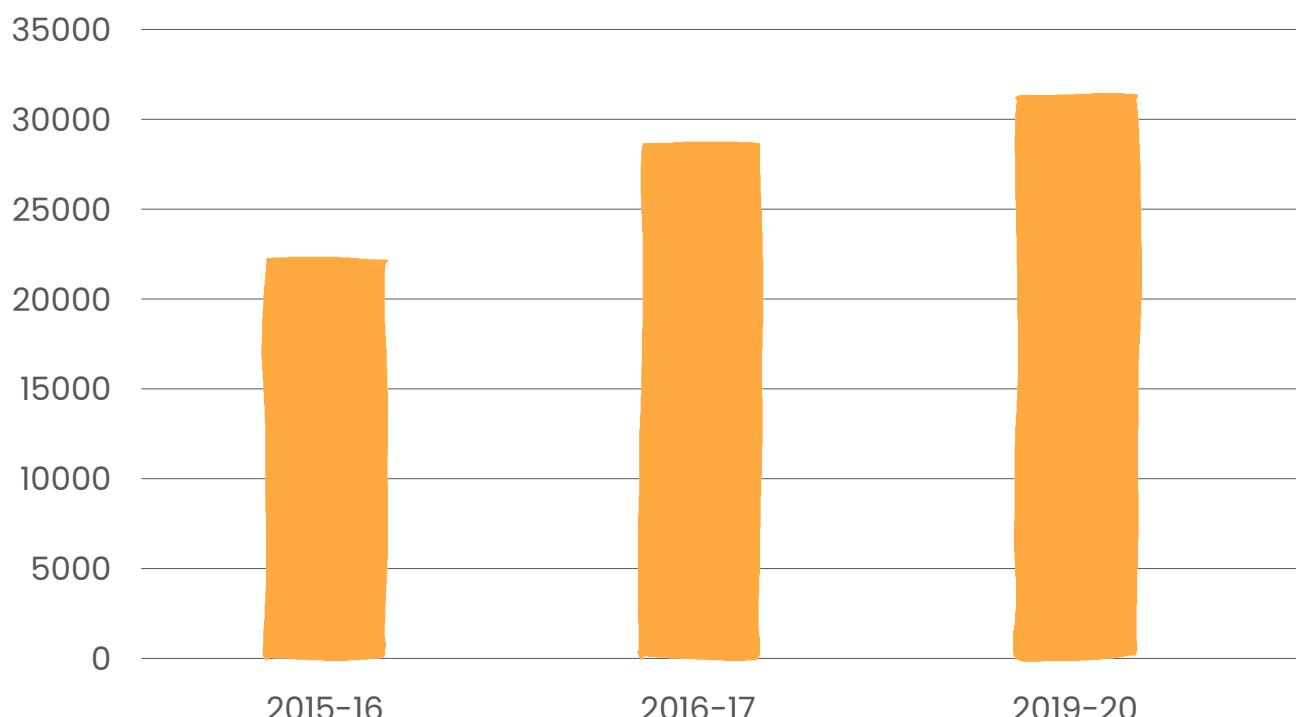
However, in the same period the number of applications decreased by 38% in Torfaen, 24% in Monmouthshire, 14% in Caerphilly, 11% in Anglesey and 10% in Flintshire (Centre for Homelessness Impact, 2020).

The Centre for Homelessness Impact found that in 2019-20, there was an increased likelihood that local authorities in Wales were providing assistance to households already experiencing homelessness rather than to those at risk, for whom homelessness could be prevented (Centre for Homelessness Impact, 2020).

The number of rough sleepers recorded in Wales in 2019-20 was 176, though estimates suggest that there were actually 405 rough sleepers in Wales during this period (StatsWales, 2020f)²¹.

²¹ Both recorded rough sleeper count and estimates of rough sleepers were produced by Stats Wales

Figure 33: Number of households that applied for homelessness assistance in Wales, 2015-20



This increased from 158 counted, and 347 estimated rough sleepers in 2018–19 (StatsWales, 2020f). There has been a significant increase in the number of recorded and estimated rough sleepers in Wales since 2015–16, when there were 82 recorded and 240 estimated rough sleepers in Wales (StatsWales, 2020f).

Hidden homelessness – experienced by people who are homeless but who are not captured in official statistics such as sofa surfers and people in temporary accommodation – is also a key problem in Wales, and is likely to affect more people than recorded homelessness or rough sleeping (Crisis UK, 2017).

Neighbourhood safety

The B-SEM highlights that neighbourhood safety is linked to disadvantage. Feeling unsafe in the local area may lead to people spending less time out in the community building relationships and participating in community activities. Feeling unsafe at home and in the local area can also increase stress and impact on peoples' well-being.

The National Survey for Wales collects data on feelings of neighbourhood safety by household material deprivation status. In 2016–17, 60% of respondents in households in material deprivation felt safe at home, walking in the local area, and travelling. This compares to 75% of those not in material deprivation. The proportion of respondents who felt safe in their neighbourhood decreased for both those in material deprivation, to 57%, and those not in material deprivation, to 73% (Welsh Government, 2021a).

The National Survey for Wales also collects data on how safe people feel on public transport after dark by material deprivation status.

In both 2016–17 and 2018–19, 30% of respondents in material deprivation reported feeling either 'very unsafe' or 'a bit unsafe' on public transport after dark while less than 20% of respondents not in material deprivation reported feeling unsafe (Welsh Government, 2021a).

Neighbourhood satisfaction

The National Survey for Wales also collects data on how satisfied people are with their local area as a place to live. This question was asked in both 2016–17 and 2018–19 and results are broken down by material deprivation status.

There was little change in the satisfaction levels reported across the two years where the question asked (Welsh Government, 2021a). However, there were significant differences in the levels of satisfaction reported by those in material deprivation and their non-deprived peers. Between 75% and 76% of people living in material deprivation reported being satisfied with their local area compared to 87% of those not in material deprivation (Welsh Government, 2021a).

Levels of pollution have a significant impact on neighbourhood satisfaction among residents. Pollution can also have significant detrimental impacts on people's health and well-being, which in turn can impact on risk of social exclusion (as outlined in discussion on health). Data collected in the National Survey for Wales 2018–19 found that 15% of respondents were either 'very dissatisfied' or 'fairly dissatisfied' by the level of traffic noise in the local area, and 12% were either very or fairly dissatisfied by the level of air pollution in their local area (Welsh Government, 2021a).

Access to open space

Having access to open and green spaces is known to impact people's well-being. The 2018-19 National Survey for Wales asked a range of questions about green space. However, breakdown by material deprivation status is not available. More than 50% of respondents stated that they were very satisfied with the quality of local green space and 31% were fairly satisfied (Welsh Government, 2021a). More than 70% of respondents found it 'very easy' to walk to green spaces, although 4% said that there were no green spaces available to them (Welsh Government, 2021a).

5.3.3 – Crime, harm and criminalisation

Objective safety/ victimisation

According to the Crime Survey for England and Wales (CSEW), 14.4% of adults in Wales had been the victim of a crime at least once in the year ending March 2020 (Office for National Statistics, 2021a). Wales was the area that showed the second lowest proportion of the adult population to be victimised across all regions of England and Wales. The North East was the only region with a lower proportion of victims at 12.9% of the adult population.

Data on victimisation are also available by deprivation status. The CSEW showed that proportion of adults who were the victim of a crime increased as deprivation increased. Around 16% of adults in areas classified in the most deprived 20% were victimised in the year ending 2020. This compared to 13.6% in the 20% least deprived areas and 14.2% in the middle three deprivation quintiles (Office for National Statistics, 2021a).

Wales had the highest proportion of children aged 10-15 who were victims of crime in the year ending March 2020 of all the regions of England and Wales. 11% of children in Wales in this age group were victimised; this was followed by 9.8% of children in the South East of England. (Office for National Statistics, 2021a). Data on victimisation by deprivation status were not available for children in Wales.

According to the CSEW, 6.9% of adults in Wales aged 16-74 were victims of domestic abuse in the year ending March 2020 (Office for National Statistics, 2021a). There is a significant difference in the proportion of men and women who were victims of domestic abuse in Wales – 4.9% of men were victims of domestic abuse compared to 8.5% of women. There was also some variation in the proportion of people who were victims of domestic abuse by deprivation status – 6.4% of adults in the 20% most deprived areas of Wales were victims of domestic abuse, compared to 6.7% of adults in the least deprived areas (Office for National Statistics, 2021a).

According to the CSEW, for the year ending March 2019, the proportion of adults who experienced any form of abuse before the age of 16 in Wales was 21.8% (Office for National Statistics, 2021a). Of the ten regions of England and Wales covered in the CSEW, Wales has the fifth-highest proportion of people who experienced abuse as a child. The proportion of people who experienced abuse as a child is highest in the most deprived areas of Wales. In the 20% most deprived areas of Wales, 22.7% of people experienced abuse as a child. This compares to 20.1% of those in the 20% least deprived areas (Office for National Statistics, 2021a).

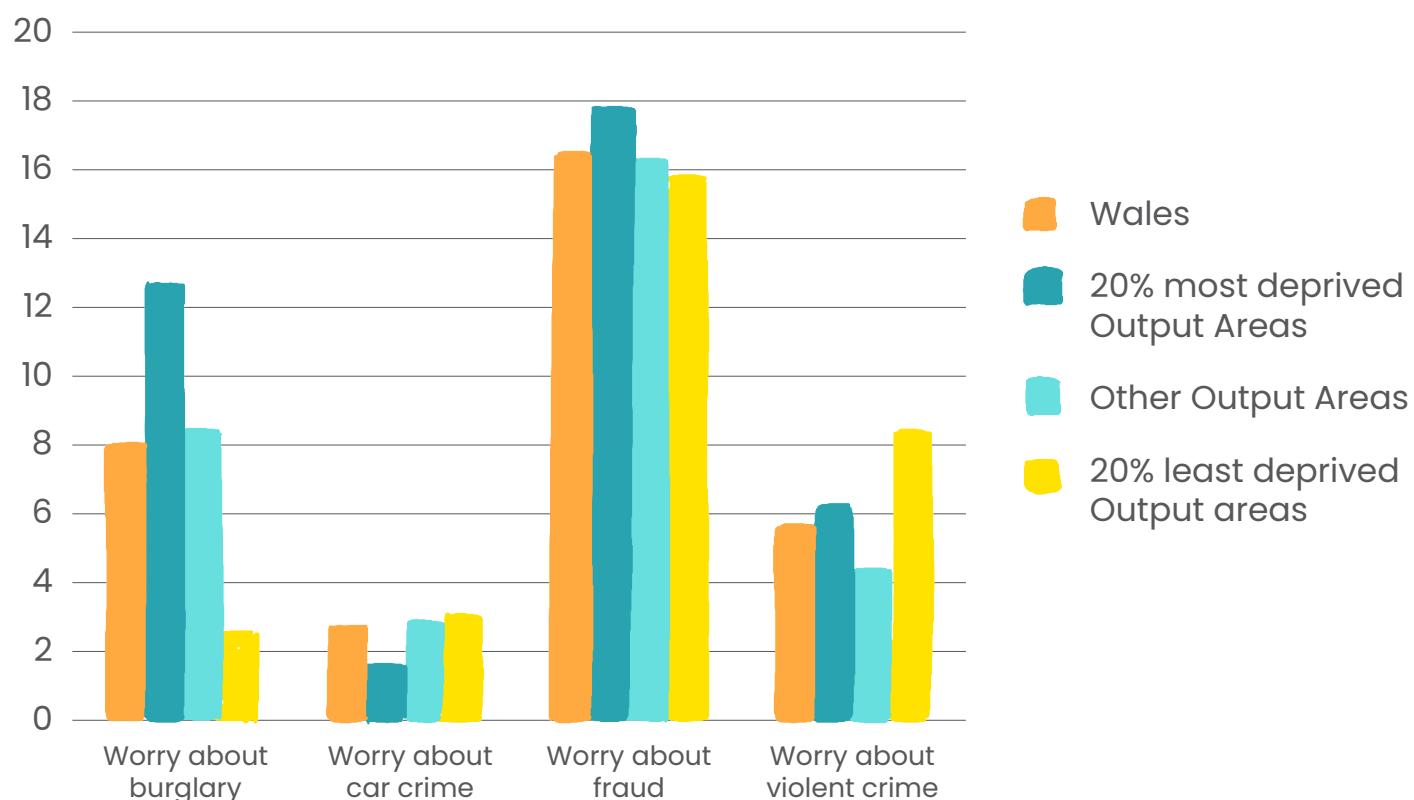
Subjective safety

Levels of concern about crime and victimisation in Wales vary between people in areas experiencing different levels of deprivation. Data from the CSEW for the year ending March 2020 show that across four key types of crime, levels of worry were higher in the 20% most deprived areas in Wales than in Wales as a whole for three of the four types of crime (Office for National Statistics, 2021a).

The only type of crime about which people in the most deprived areas were less concerned than their peers was car crime, which may be a product of the low levels of car ownership and access associated with poverty and social exclusion (Figure 34).

People in Wales have the second-lowest level of confidence in the local police of all the regions of England and Wales, according to the CSEW. In the year ending March 2020, 72% of people in Wales 'agreed' that they had overall confidence in the police (Office for National Statistics, 2021a). Only the West Midlands reported a lower level of confidence in the police at 69%. Confidence in the local police in Wales was lower among those in the 20% most deprived areas, with only 68% of people in these areas reporting that they have overall confidence in the local police. This compares to 73% of the rest of the Welsh population (Office for National Statistics, 2021a).

Figure 34: Percentage of households with a high level of worry about different types of crime, Wales 2019–20



Exposure to bullying and harassment

Bullying and harassment can be both a cause and consequence of social exclusion. People who are bullied may retreat from society and become socially excluded while those who are socially excluded may face bullying or harassment as a result of their exclusion. Data on bullying and harassment in Wales, especially relating to social exclusion and poverty, are limited.

At the UK level, the 2020 Ditch the Label's Annual Bullying Survey, which asks 12-18-year-olds about their experiences with bullying, found that 25% of respondents had been bullied in the last 12 months (Ditch the Label, 2020). In addition to this, 26% of respondents has witnessed bullying while 3% admitted to having bullied others in the same period. Ditch the Label (2020) state that this level of bullying represents a 25% year-on-year increase. Of those respondents who reported bullying, 89% reported this taking the form of being socially excluded by peers (Ditch the Label, 2020).

In Wales specifically, the Well-being of Wales supplementary report on children's well-being for 2017-18 states that one in ten secondary school pupils in Wales are bullied weekly (Welsh Government, 2018a). The report highlights that this level of bullying is relatively high within the UK. In 2017-18, 35% of secondary school pupils in Wales had been bullied in the past two months while 19% had been cyberbullied in the same period. 16% of pupils admitted bullying others (Welsh Government, 2018a). There are some gendered differences in experiences of bullying in Wales. A higher proportion of boys reported that they had bullied someone (19% of boys vs 13% of girls) while a higher proportion of girls reported that they had been the victim of bullying (38% of girls vs 33% of boys) (Welsh Government, 2018a).

In 2019-20, the National Survey for Wales asked respondents whether they had experienced bullying at work in the last 12 months. Levels of bullying reported were higher among people living in material deprivation, with 17% of such respondents having experienced bullying at work compared to 11% of respondents not in material deprivation.



Discrimination

The National Survey for Wales collected data on discrimination, harassment and bullying between 2012–14 and 2019–20.

In 2012–13 and 2013–14, respondents were asked if they had experienced discrimination in the past 12 months. In both years levels of discrimination were higher among those living in material deprivation. In 2012–13, 13% of respondents categorised as being in the 10% most deprived by the WIMD had experienced discrimination compared to 10% in the 11–49% most deprived and 7% in the 50% least deprived (Welsh Government, 2021a). In 2013–14, 9% of respondents in both the most and second most deprived quintiles reported experiencing discrimination in the past 12 months. This compares to only 6% of respondents in each of the other three quintiles (Welsh Government, 2021a).

In 2012–13 and 2013–14, respondents were also asked what they felt was the main reason for any discrimination they experienced. (The distribution of responses is shown in Figure 35.) Across both years, the place where the respondent lives was one of the most frequently cited reason respondents believed they were discriminated against (Welsh Government, 2021a). No breakdown by deprivation status is available for this data. In the 2013–14 data there are some gaps (ethnicity, sex and religious belief/faith) as these categories collected fewer than 30 responses and so results are not shown in the National Survey results viewer (Welsh Government, 2021a).

In 2019–20, the National Survey for Wales asked respondents whether they had experienced discrimination at work in the last 12 months. Again, levels of discrimination reported were higher among those in material deprivation – 16% of respondents living in households in material deprivation reported discrimination at work in the last 12 months compared to only 10% of those living in households not in material deprivation (Welsh Government, 2021a). Rates of discrimination were also higher among females (11%), respondents with a long-standing illness, disability or infirmity (17%), LGBTQ+ people (20%), and those practicing a religion other than Christianity (24%) (Welsh Government, 2021a) (Figure 35).

Criminal record

Having a criminal record can leave people vulnerable to multiple forms of social exclusion. People who have a criminal record are excluded from participation in economic life due to the damaging effect that a criminal record has on their employment prospects. The lack of employment prospects for people with a criminal record increases their risk of poverty and deprivation as well as increasing the likelihood of reoffending (Duque and McKnight, 2019). These people can also face the disintegration of social and family relationships as a result of the stigma associated with criminality.

ASBO/Criminal Behaviour Orders and Civil Injunctions

Anti-social behaviour orders (ASBO) were used in Wales as the primary criminal punishment for anti-social behaviour until they were repealed in 2014. The ASBO was replaced by civil injunctions, Criminal Behaviour Orders (CBO) and Community Protection Notices (CPN). A CBO can only be given to a person who has been convicted of a crime, this is not the case for civil injunctions and CPNs (UK Government, 2021c).

There is little publicly available information on the number of people in Wales currently subject to CBOs, CPNs and civil injunctions as a result of anti-social behaviour.

Estimates from the Crime Survey for England and Wales show that, in 2019, of the Welsh police force areas South Wales had the highest level of anti-social behaviour with 43% of respondents having experienced or witnessed such behaviour (Office for National Statistics, 2021a). Gwent also had a high level of anti-social behaviour with 40% of respondents having experienced or witnessed it. Both of these police force areas had a higher level of anti-social behaviour than the Welsh average reported in the survey which was 38%. The percentage of people who experienced or witnessed anti-social behaviour in the Dyfed-Powys and North Wales areas was relatively low at 24% and 26% respectively (Office for National Statistics, 2021a) (Figure 36).

Imprisonment

As already noted in this report, institutionalisation and separation from family, while sometimes necessary, can lead to social exclusion and isolation. Imprisonment also impacts on people's ability to gain high quality and long-term employment, which can entrench socioeconomic disadvantage.

In 2019 there were 173 prisoners per 100,000 people in England and Wales. This is the eighth-highest rate of imprisonment in the EU (House of Commons, 2020a). In 2019, there were 149 Welsh prisoners per 100,000 of the population of Wales while the equivalent rate in England was 136 per 100,000 of the English population (Jones, 2020). As of 2017, around 39% of Welsh prisoners were detained in English prisons (Jones, 2018). In 2019, Wales had an 'in-country' imprisonment rate of 151 prisoners per 100,000 compared to an equivalent rate of 139 per 100,000 in England (Jones, 2020).

There are no female prisons in Wales, therefore Welsh female prisoners are detained in prisons located in England. This means that female prisoners are often significantly further away from home than male prisoners, which can exacerbate issues of social isolation and exclusion associated with imprisonment (Jones, 2018).

Figure 35: Perceived reason for discrimination experienced by National Survey for Wales respondents, percentage, 2012-14

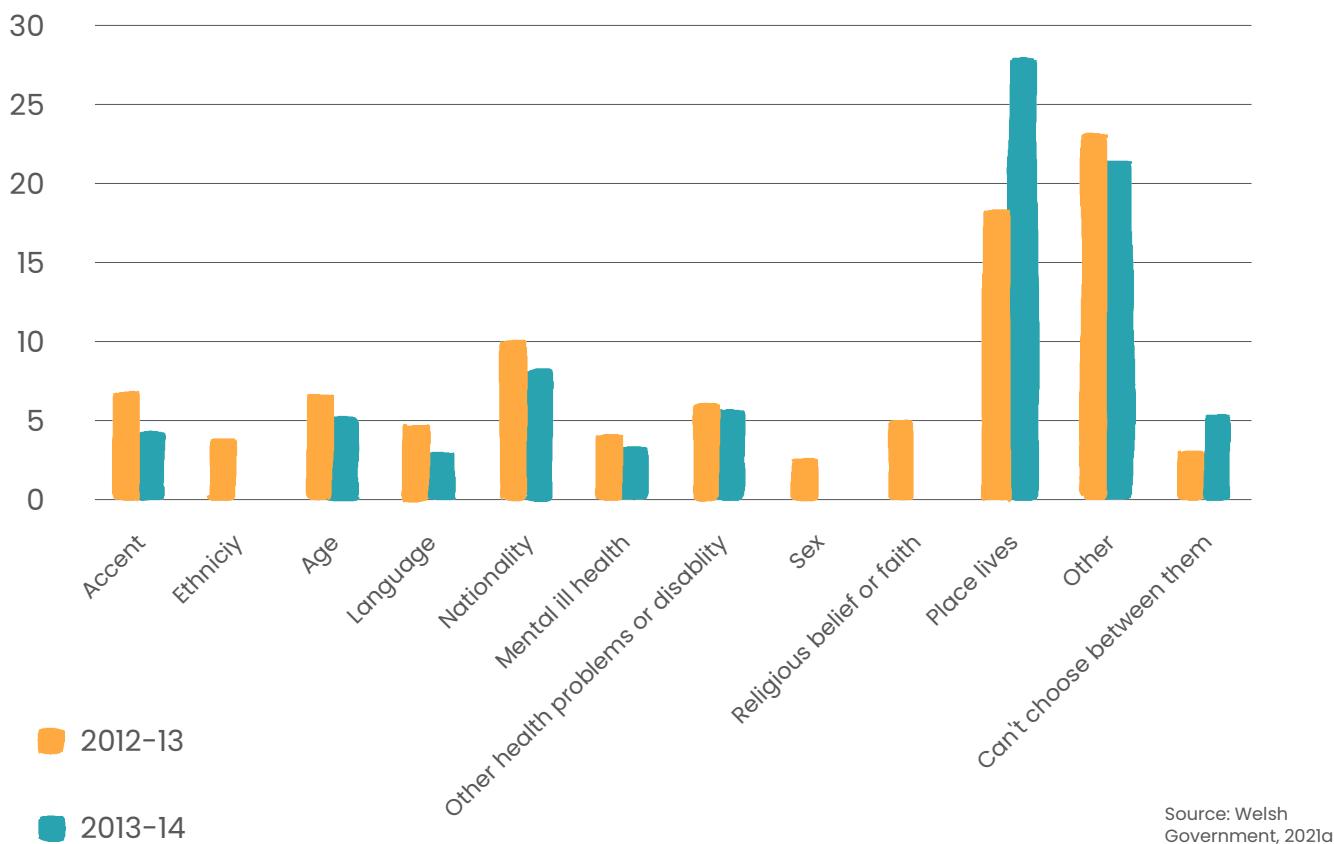
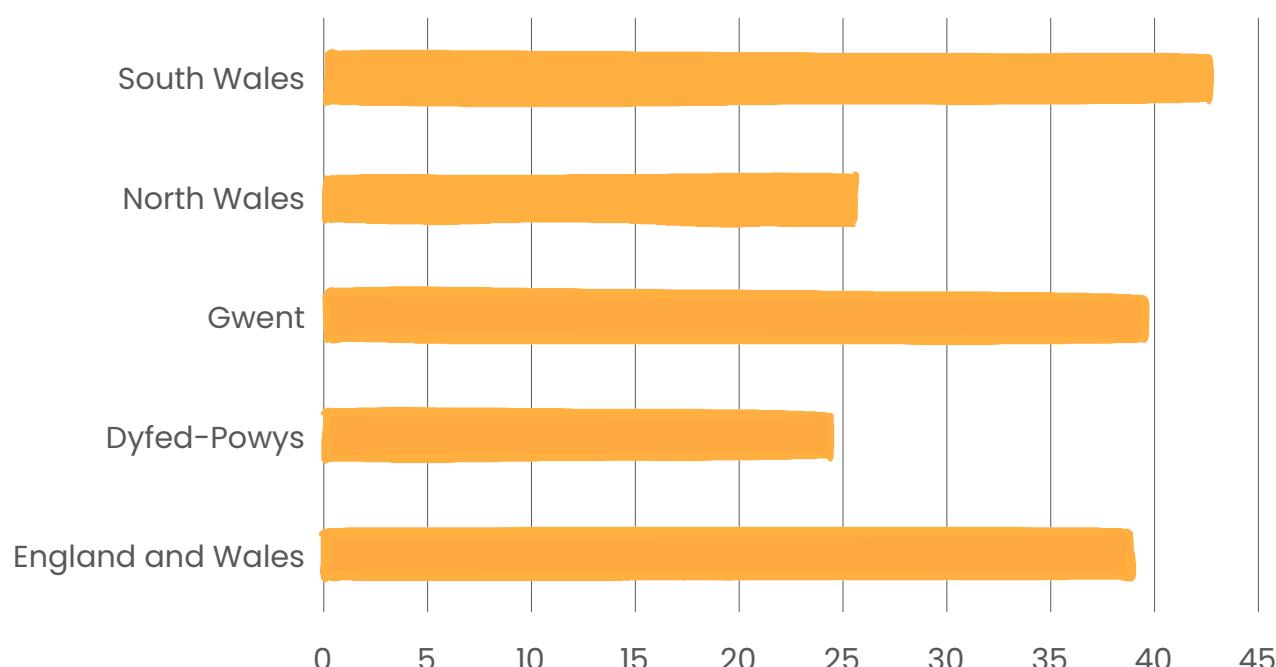


Figure 36: Percentage of people in Wales who experienced or witnessed any sort of anti-social behaviour in their local area by police area, 2019



6. Impact of the Coronavirus pandemic

The Coronavirus pandemic is having a comparatively greater impact on people living in poverty and on those who are socially excluded. The impact of the pandemic has two aspects – the health impacts of the virus itself and the impact of the measures taken to contain it.

With regards to poverty, the Coronavirus pandemic has had three main impacts in Wales: first, it has increased the number of people living in poverty; second, it has deepened poverty for those people already living in poverty; and third, it has worsened the consequences of being on a low income.

The following section first explores first the health impacts of the virus and their relationship to poverty in Wales. It then examines the impact of the pandemic and the associated measures on poverty in Wales.

Impact of the Coronavirus pandemic: Key messages

- Public health data show that people in the most deprived areas of Wales are twice as likely to die from Coronavirus as people in the least deprived areas. The elevated risk of Coronavirus mortality in deprived areas is exacerbating the existing health inequalities experienced by these populations.
- The Coronavirus pandemic has had two main impacts on work and income – a reduction in income and job loss.
- About 16% of the Welsh labour force work in sectors that were completely shut down during lockdown. People with low incomes or who were already likely to be living in or close to the poverty threshold were seven times more likely to be working in one of these completely shut-down sectors.

- Wales has the lowest proportion of people in the UK able to work from home as a result of the structure of the Welsh economy. Low-paid workers are less able to work from home than those in high-paying roles.
- 24% of households in Wales have seen a reduction in income since the pandemic began in March 2020, with 11% of households having had their income fall by 'a lot'.
- The impacts of the Coronavirus pandemic on work have not been felt evenly within Wales. Some groups and geographical areas have been harder hit than others.
- Projections suggest that if just one in four workers in sectors that were shut down during the pandemic lose their jobs, unemployment in Wales would reach levels higher than those seen during the last recession.
- Many households in Wales have fallen behind on housing payments, both rent and mortgages, as a result of Coronavirus. From the start of the pandemic to December 2020, more than 120,000 (9%) of households in Wales had fallen behind on at least one bill.
- Existing issues with housing quality have taken on new importance during the pandemic. People living in poverty are known to be more likely to live in housing that is of poor quality and/or is overcrowded.
- 25% of people in Wales have applied for or expect that they will have to apply for benefits as a result of the Coronavirus pandemic.
- There has also been a surge in demand for devolved social security schemes, including Free School Meals and the Discretionary Assistance Fund during the Coronavirus pandemic.
- The Coronavirus pandemic has increased household expenditure on utility bills for many households in Wales as people are spending more time at home. Around 15% of people in Wales have fallen or expect to fall behind on fuel bills and 13% expect the same to occur with water bills.
- By April 2020, more than 10% of people had fallen or expected to fall behind on their internet or mobile phone bill, therefore risking being cut off from internet access.
- Digital exclusion has had significant impacts on children's ability to continue their education at home during lockdown. Children living in the most deprived areas of Wales are the most likely to have had their education interrupted by the pandemic, even when remote learning opportunities have been available due to digital exclusion issues.

This section looks at the impact of the Coronavirus in relation to health; work and income; housing and accommodation; social security; bills and debt; digital exclusion; and education.

6.1 – Health

With regard to the risk from the virus itself, public health data show that there is a significantly elevated risk of Coronavirus mortality in the most deprived areas of Wales and for people living in poverty. People in the most deprived areas are twice as likely to die from Coronavirus as people in the least deprived areas of Wales (Senedd Research, 2020). The likelihood of Coronavirus mortality is known to increase if patients have specific existing medical conditions including lung conditions, diabetes, obesity and cardiovascular disease, and people living in poverty in Wales have far higher incidence rates of these conditions. People in deprived areas are twice as likely to have diabetes, they are twice as likely to die from cardiovascular disease under the age of 75, and almost twice as many people are obese compared to the least deprived areas (Senedd Research, 2020). While not all people living in poverty live in deprived areas, the same health risk factors, including increased risk of underlying health conditions also apply to people living in poverty outside the most deprived areas.

The elevated risk of Coronavirus mortality in deprived areas is exacerbating the existing health inequalities experienced by these populations who already experience a life expectancy gap of 9 years for males and 7.4 years for females, when compared to the least deprived areas of Wales (Office for National Statistics, 2020d).

6.2 – Work and income

The Coronavirus pandemic has had two main impacts on work and income – a reduction in income and job loss.

6.2.1 – Reduction in income

The Coronavirus pandemic lockdown measures have had significant impacts on people's ability to work, with knock-on effects for incomes and poverty in Wales. Research by the Bevan Foundation has found that around 211,500 people in Wales work in sectors which were shut down entirely during lockdown (Bevan Foundation, 2020a). This is the equivalent of about 16% of the Welsh labour force. The Joseph Rowntree Foundation found that accommodation and food services had the highest proportion of workers furloughed, at 78%, closely followed by arts, entertainment and recreation at 77% (Bevan Foundation, 2020a). Analysis by the Institute for Fiscal Studies found that people with low income or who were already likely to be living in or close to the poverty threshold were seven times more likely to be working in one of these completely shut-down sectors (The Institute for Fiscal Studies, 2020).

The Welsh Government's policy of working from home wherever possible has resulted in a significant increase in the number of people in Wales working remotely. However, research by the Wales Governance Centre has found that Wales has the lowest proportion of people in the UK able to work from home as a result of the structure of the Welsh economy (Rodriguez and Ifan, 2020).

The shift to working from home has had different impacts, depending on income. For workers earning less than £20,000 a year about 30% of key work tasks can be completed at home, compared to 55% of tasks for those earning over £40,000 a year (Senedd Research, 2020). As low-paid workers are less able to work from home, many have had to continue working outside the home, which increases their risk of contracting Coronavirus. Low-paid workers not in shut down sectors have also faced a cut to their number of hours, which has further impacted their income.

The Bevan Foundation has found that 24% of households in Wales have seen a reduction in income since the pandemic began in March 2020, with 11% of households having had their income fall by 'a lot' (Bevan Foundation, 2020d).

In March 2020, the UK Government introduced the Job Retention Scheme (JRS) (also called the furlough scheme) and the Self-Employment Income Support Scheme (SEISS) to support workers during lockdown. In Wales, more than 400,000 people had been placed on the JRS by 31 July 2020 (Welsh Government, 2020k). This represents 31% of the total workforce (Bevan Foundation, 2020a). As of 28 February 2021, the number of workers in Wales on the JRS was 175,200 (Welsh Government, 2021b).

The SEISS was taken up by 78% of those eligible in Wales, amounting to 110,000 claimants by the end of July 2020 (Bevan Foundation, 2020a). Low-paid workers were the most likely to be placed on the JRS and have also been the least likely to see their pay topped up beyond the 80% covered by the JRS. The breakdown of furloughed workers who received full pay in each income quintile was as follows (Bevan Foundation, 2020a):

- 23% in the lowest-paid fifth
- 17% in the second-lowest-paid fifth
- 25% in the middle-paid fifth
- 31% in the second-best-paid fifth

In monetary terms, workers in the lowest-paid fifth lost about £50 per week on average on the JRS, compared to full income. This rose to £77 per week in the second-lowest paid fifth, where workers were least likely to receive full pay (Bevan Foundation, 2020a). The JRS is not intended to cover lost wages where people have had their hours cut or wages reduced as a result of the pandemic, nor does it cover workers who have already lost their jobs, which can leave workers in these situations without support.

The impacts of Coronavirus on work have not been evenly experienced across society. Young people under the age of 25 have experienced the worst effects in terms of income as they are the most likely to be working in a completely shut down sector and are subject to lower rates on benefits (Senedd Research, 2020).

Workers from Black, Asian and Minority Ethnic backgrounds were more likely to be key workers and also more likely to work in shut-down sectors. This increased their risk of both catching Coronavirus and of losing employment and income (Ogbonna, 2020).

Women are also more likely than men to be either key workers (increasing their risk of exposure to the virus) or work in a shut-down sector. They are therefore more vulnerable to the effects of the pandemic both in terms of health risk and income insecurity. During lockdown, women were also spending more time providing childcare than men. Women spent an average of three hours per day on childcare while men spent an average of two hours (Bevan Foundation, 2020a). The gap increases for families with children under the age of five and single parents (90% of single parents in Wales are women). Mothers are one-and-a-half times more likely to have lost or quit their jobs since the start of lockdown, compared to fathers. Research by the Bevan Foundation found that the number of women in work in Wales decreased by 3,000 between March and June 2020 (Bevan Foundation, 2020a).

There has also been a geographical variation in the work-related impacts of the pandemic. Figure 37 shows the variation in the percentage of workers in at-risk industries across the local authorities of Wales, with Merthyr Tydfil, Caerphilly, Blaenau Gwent, Flintshire and Rhondda Cynon Taf having the highest level of risk due to the concentration of at-risk industries in these areas.

6.2.2 – Job loss

While the JRS has helped keep some people in employment as the pandemic has progressed, the pandemic has also resulted in a significant number of people in Wales losing their jobs. And there is widespread concern that following the end of the JRS, unemployment in Wales will rise.

Not all workers have been able to access the government furlough scheme. For a variety of reasons, many people were denied furlough, which has resulted in job losses and a 67% increase in Universal Credit claims in Wales by the end of 2020 compared to the start of the year (Joseph Rowntree Foundation, 2020a). Other workers have been denied both furlough and Universal Credit (Hick and Murphy, 2020).

Citizens Advice estimates that 250,000 people whose work has been affected by the pandemic have lost hours or their jobs as a result of the pandemic. This is about 17% of the workforce (Citizens Advice Cymru, 2020)

At the height of the Coronavirus pandemic in 2020 around one in five jobs in Wales were in sectors that were shut down. The Bevan Foundation estimates that this amounts to around 211,500 workers (Bevan Foundation, 2020a). Projections by the Learning and Work Institute suggest that if just one in four of these people lose their jobs, unemployment in Wales would reach levels higher than those seen during the last recession (Learning and Work Institute, 2020).

These losses are not expected to be equally distributed across the workforce. Young people, women and those with low qualifications are expected to be the worst affected.

The Learning and Work Institute found that young people are at the highest risk of losing their jobs as a result of the crisis, with 61% of 16-19-year-olds and 33% of 20-24-year-olds at risk, which is higher than all other age groups (Learning and Work Institute, 2020). Women are at higher risk of losing their job across all age groups. For 16-19-year-olds, 68% of women are at risk compared to 53% of men. For 20-24-year-olds, 44% of women are at risk, compared to 23% of men. One in four people with qualifications either at level 3 or below level 2 are at risk of losing their jobs, compared to only 11% of people with qualifications at level 4 or higher (Learning and Work Institute, 2020).

6.3 – Housing and accommodation

Housing costs were the most significant household expenditure for many people before the pandemic. Many households in Wales have fallen behind on housing payments (in both rent and mortgage repayments) as a result of the pandemic. From the start of the pandemic to December 2020 more than 120,000 (9%) of households in Wales had fallen behind on at least one bill (Bevan Foundation, 2020d). In the same period, 9% of social tenants and 6% of private tenants fell behind on rental payments as did 4% of mortgage holders (Bevan Foundation, 2020d). This is higher than all other areas of the UK, except London.

The UK Government has increased housing support during the pandemic through changes to Universal Credit and the introduction of repayment holidays on mortgages for households struggling to pay as a result of the pandemic (Department for Work and Pensions, 2020).

In May 2020 one in five households in Wales claimed housing benefits. The Joseph Rowntree Foundation estimates that the number of housing benefits claims in Wales increased by 9% between February 2020 and May 2020. More than one in ten mortgage holders (11%) were on a mortgage holiday in July 2020 (Joseph Rowntree Foundation, 2020a).

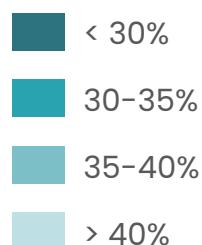
Despite this additional assistance, research by Joseph Rowntree Foundation and Save the Children has found that the pandemic has caused more than 50% of families with children who receive Universal Credit to fall behind on rent payments across the UK (Joseph Rowntree Foundation, 2020a).

Both the Resolution Foundation and Joseph Rowntree Foundation have highlighted that families facing financial hardship who have mid-priced rents (i.e. those above the 30th percentile of rents) are likely to experience a shortfall in rents, as the housing benefit is not enough to make up the gap (Joseph Rowntree Foundation, 2020a).

Shelter Cymru has reported that around 15,000 tenants have been threatened with eviction since lockdown began (Bevan Foundation, 2020a). This is in spite of the Welsh Government's efforts to ensure that during the pandemic landlords give sufficient notice to tenants before eviction.

Figure 37: Map showing the percentage of workers in at-risk industries in Wales by local authority

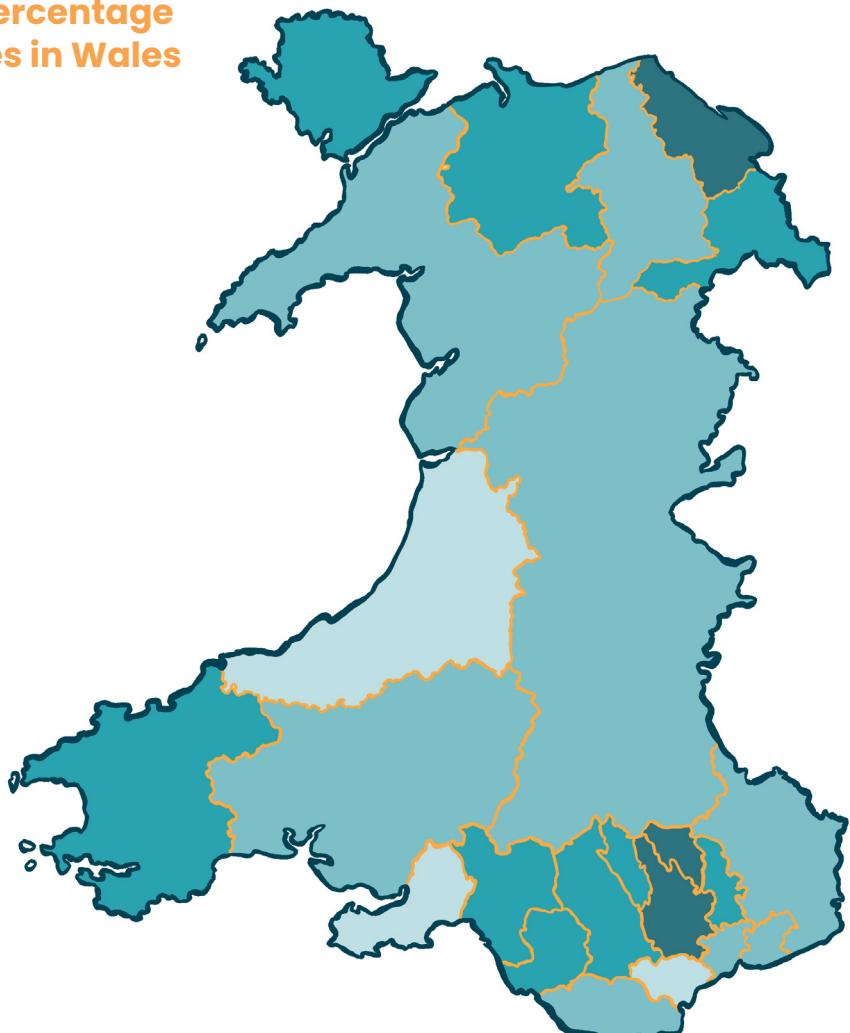
% of workers in at-risk industries* by local authority



At risk industries have been defined as those with the highest proportion of jobs at risk before a vaccine is found. These are Accommodation and food, Retail trade, and Personal services sector (such as hairdressers).

Source: Business Register and Employment Survey 2018, OS data
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Source: Joseph Rowntree Foundation, 2020a, p. 8



Landlords were required to give three months' notice between 27 March and 23 July 2020, and from 29 September 2020, have been required to give six months' notice, except in cases where evictions are related to anti-social behaviour or domestic violence (Welsh Government, 2020a). The Welsh Government has introduced an additional £40 million in funding for long-term homelessness prevention. This funding is intended to build on the emergency accommodation provided during the pandemic to ensure that everyone who was in receipt of this support is able to access permanent housing (Joseph Rowntree Foundation, 2020a).

Existing issues with housing quality have taken on new importance during the pandemic. People living in poverty are known to be more likely to live in housing that is of poor quality and/or is overcrowded. A survey in 2011 found that more than 6% of households in Wales had more than 1.5 people per bedroom – a figure which is thought to have increased following the changes to social security in 2012 (Senedd Research, 2020). During the pandemic this has limited people's ability to follow public health advice related to self-isolation (Senedd Research, 2020).

The ability to practise social distancing and self-isolation is less in settings such as women's refuges or emergency accommodation, where household groups routinely share rooms. The Welsh Government has provided £10 million in funding for homelessness shelters and other facilities to help tackle this, but no additional funding has been made available to domestic violence abuse services facing the same problems (Senedd Research, 2020). The Refugee Council has also raised concerns about accommodation for asylum seekers, which is often overcrowded and results in this type of room sharing (The Refugee Council, 2020).

The Bevan Foundation has also highlighted the elevated risk faced by people reliant on public transport, as 14% of households in Wales do not have access to a car (Bevan Foundation, 2020a).

6.4 – Social security

Research by Citizens Advice has found that 25% of people in Wales have applied for or expect that they will have to apply for benefits as a result of the Coronavirus pandemic (Citizens Advice Cymru, 2020). In June 2020 more than 105,000 additional people in Wales were claiming Universal Credit, compared to March 2020. As of June 2020, 260,000 people in Wales were estimated to be receiving Universal Credit. This represents around one in ten adults, and is an increase of 67% compared to the start of the year (Joseph Rowntree Foundation, 2020a). Of those claiming Universal Credit one in eight were employed or looking for work. Many of the additional claimants had never applied for benefits before, and so required additional support to access benefits. The Bevan Foundation has highlighted this need for additional support as a key issue, particularly with regard to language skills (for those whose first language was not English or Welsh), as support organisations have limited capacity to deal with such an unprecedented increase in demand (Bevan Foundation, 2020b).

In response to the pandemic, the UK Government made some temporary changes to Universal Credit. These included the (temporary) suspension of sanctions, increasing the basic Universal Credit and Working Tax Credit allowances by £20 per week (up to October 2021), and increasing Local Housing Allowance rates to 30% of the market rate (Bevan Foundation, 2020a).

The Bevan Foundation highlights that while these measures had a positive impact, the UK Government has failed to address existing issues with Universal Credit, such as the five-week waiting period (Bevan Foundation, 2020b).

There has also been a surge in demand for devolved social security schemes. For example, there has been a significant increase in demand for Free School Meals (FSM), with the Welsh Government making £33 million in funding available to guarantee FSM throughout the summer holiday in 2020, with support being provided by local authorities. In 2019–20, 66,012 of 85,731 eligible children (77%) were taking up their FSM entitlement. By May 2020, an additional 5,000 children were eligible for FSM and more than 90,000 children were taking up their entitlement (Bevan Foundation, 2020a). Seventeen local authorities provided FSM support for families by providing cash, while five used vouchers or hampers. A Bevan Foundation roundtable concluded that the increased uptake of FSM may have been partially due to the switch to cash provision in some areas, which reduced stigma around FSM (Bevan Foundation, 2020a). The Welsh Government has now made an additional £23.3 million of funding available (in addition to the £52.7 million announced in 2020) to continue providing free school meals for all school holidays in 2021–22 (Welsh Government, 2020b).

The Welsh Government has also recorded a significant increase in the number of claims from the Discretionary Assistance Fund (DAF) as a result of Coronavirus. More than 60,000 Coronavirus related Emergency Assistance Payments were made from the DAF between 18 March 2020 and September 2020 (Joseph Rowntree Foundation, 2020). This compares to 77,892 total payments from the DAF for the entire 2019–20 financial year (Bevan Foundation, 2020a).

6.5 – Bills and debt

The Coronavirus pandemic has increased household expenditure on utility bills for many households in Wales, as people are spending more time at home. This has combined with a reduction in income to put significant pressure on many households in Wales. Around 15% of people in Wales have fallen or expect to fall behind on fuel bills and 13% expect the same to occur for water bills, according to Citizens Advice Cymru (Citizens Advice Cymru, 2020). The Bevan Foundation highlights continued disconnection of utilities for non-payment during the pandemic as a key issue in Wales. Forty-four per cent of people who had utilities disconnected during the initial lockdowns reported that they were unable to pay their bills due to a lack of funds, with more than 60% of these people saying that the pandemic was the direct cause of this (Bevan Foundation, 2020a).

Expenditure has also increased for unpaid carers during the pandemic. Carers Wales has found that 77% of unpaid carers in Wales have had to spend more in the course of their caring duties during the pandemic (Senedd Research, 2020).

Food costs have also presented an issue for low-income households. In 2020, the Trussell Trust saw an 89% increase (from the same period in 2019) in people needing emergency food parcels at Welsh foodbanks (Bevan Foundation, 2020a).

6.6 – Digital exclusion

Digital exclusion spans two interconnected issues – access to devices and access to data. A lack of either an adequate number of devices or sufficient data to use these devices can lead to digital exclusion. This issue was brought into focus by the pandemic as children moved to remote/online education and many adults shifted to home working. Spending on internet access has increased during the pandemic, with 16% of households reporting that the cost of remaining digitally connected (both in terms of internet bills and the cost of devices to access the internet) has increased (Bevan Foundation, 2020d).

The increased reliance on digital technologies has posed significant challenges for low-income households, which are less likely to have access to the internet and digital devices. The pandemic has exacerbated existing digital exclusion in Wales as, by April 2020, more than 10% of people had fallen or expected to fall behind on their internet or mobile phone bill, thus risking being cut off from internet access (Bevan Foundation, 2020a).

As well as potentially cutting people off from virtual social contact, entertainment and work, digital exclusion presents a barrier to accessing support services for low-income families during the pandemic. A number of social security schemes, including Universal Credit operate via a primarily online service. This has been coupled with the closure of public spaces such as libraries and community centres, where people were usually able to access the internet. This has exacerbated existing exclusion and limited access to support services during the pandemic (Bevan Foundation, 2020c).

6.7 – Education

Digital exclusion has also had significant impacts on children's ability to continue their education at home during lockdown. The disruption of lockdown has been most acute for children living in the most deprived areas of Wales, who are the most likely to have had their education interrupted by the pandemic even when remote learning opportunities have been available (Senedd Research, 2020). Many low-income families are unable to provide children with the relevant digital resources to support remote learning. The Child Poverty Action Group has found that 40% of low-income families were missing essential resources to support remote learning for their child or children (Bevan Foundation, 2020a). The Bevan Foundation highlighted that remote learning has also been challenging for families who are not technically digitally excluded, but do not have enough digital resources to support online education for all their children at once (Bevan Foundation, 2020a). On the 30 April 2020, the Welsh Government announced up to £3 million in funding for mobile internet and devices for digitally excluded students (Welsh Government, 2020d).

Evidence suggests that lockdown is likely to widen the educational attainment gap in Wales (Senedd Research, 2020). The use of predicted grades and/or calculated grades has been shown to disadvantage students in more deprived communities (The Sutton Trust, 2020). Similarly, it has also been shown that pupils from disadvantaged backgrounds perform better in classroom settings as opposed to online learning (The Brookings Institution, 2017). This increases the likelihood of drop out among these students if university and college teaching continue to be provided primarily via remote learning platforms.

7. The future of poverty in Wales

The future of poverty and social exclusion in Wales remains uncertain. While it is clear that poverty is likely to increase in 2021 (and possibly beyond), the precise future trajectory of poverty in Wales remains unclear. Measures to control the Coronavirus pandemic are likely to continue well into 2021 and the economic ramifications of the pandemic will be felt far beyond that. The economic situation is further complicated by the ongoing ramifications of Brexit, the possible impacts of which are not yet completely clear.

The Joseph Rowntree Foundation and Bevan Foundation highlighted rising living costs, reduction of benefits, poor quality work, a lack of educational attainment and limited personal savings as the key future drivers of poverty in Wales before the pandemic – and these continue to be key factors in the future trajectory of poverty in Wales. However, the pandemic has also introduced complicating factors with regard to work, which need to also need to be considered.



The future of poverty and social exclusion in Wales: Key messages

- The future of poverty in Wales will be influenced by what happens when government support schemes related to the pandemic come to an end. Projections suggest unemployment will increase, although the magnitude of this increase is not yet clear, and will be affected by government decision-making and support in the coming months and years.
- The risk of unemployment is higher for women, young people aged 16–24, and people with the lowest levels of qualification. Large-scale redundancy is also a concern for industries that were shut down during the pandemic.
- In-work poverty is expected to continue to increase even as the pandemic eases.
- Housing is the key area where debt as a result of the Coronavirus pandemic has built up for many families. A number of organisations have expressed concern about a possible spike in evictions once government protections are lifted.

- There is uncertainty about what will happen after the temporary changes to social security introduced in response to the pandemic come to an end. This will be particularly important, given the higher number of people claiming benefits as a result of labour market changes that have been brought about by the pandemic.
- The financial impacts of the pandemic are expected to result in more households falling behind on bills and being cut off from key utilities.
- More than 25% of people on low incomes in Wales have borrowed money to cover everyday costs during the pandemic. This could lead to long-term financial issues for individuals and households unable to service their loans.
- As Brexit has coincided with the Coronavirus pandemic, experts have suggested that it will be difficult to identify the specific impacts of Brexit on poverty until the full impact of the Coronavirus pandemic is known.
- People and households that are socially excluded and/or living in poverty have limited resources and as such have lower resilience in the face of economic shocks like Brexit and the Coronavirus.
- This section looks at the future of poverty in Wales in relation to work; housing; social security and support; bills and debt; and Brexit.

7.1 – Work

In the short term, the key consideration for the future of work in Wales is what will happen once government support schemes including the JRS and SEISS come to an end. Research by the Bevan Foundation suggests that unemployment in Wales could rise to 20% if half of those receiving JRS and SEISS support do not return to work (Bevan Foundation, 2020a). The Bevan Foundation also highlights that the severity of such unemployment would likely vary significantly between different areas, reflecting the varying number of claimants of JRS and SEISS between different areas in Wales (Bevan Foundation, 2020a). Projections by the Learning and Work Institute found that if one in four of the 250,000 workers in shutdown sectors were to lose their jobs unemployment would be higher than during the last recession in 2008. The same projections found that the risk of unemployment is higher for women, young people aged 16–24 and people with the lowest levels of qualification (Learning and Work Institute, 2020).

Large-scale redundancy is a key concern for some industries as they face the possibility of future Coronavirus lockdowns. Possible large-scale redundancies have already been announced in the automotive and retail industries in Wales (Bevan Foundation, 2020d). One thousand jobs have already been lost in the aerospace industry and estimates suggest that up to 30,000 jobs will be lost in the Welsh hospitality industry (Bevan Foundation, 2020a). The effects of these losses will be compounded by the current job market, as job vacancies in Wales are at the lowest level seen in 20 years. This is likely to make re-entry into the labour market even more challenging for those made redundant due to the pandemic (Bevan Foundation, 2020a).

The job losses predicted are also expected to disproportionately affect women, Black, Asian, and Minority Ethnic people, and young people, who are more likely to be working in shut-down sectors. Women face further issues as lack of childcare provision, and ongoing uncertainty about school opening/ short-term closures may force some women to leave the workforce in order to provide childcare made necessary by the pandemic (Bevan Foundation, 2020a).

The reduced provision of care services during the pandemic also continues to present a barrier to work for unpaid carers of disabled people and disabled people themselves who require such services in order to be able to access the labour market (Bevan Foundation, 2020a). There are also concerns that continued advice to shield could exclude disabled people or those with long-term health conditions from an increasingly competitive labour market.

Rising in-work poverty was an issue in Wales before the pandemic, and the current situation is likely to only exacerbate this problem. Continued reduction of workers' hours is likely to push many people already close to poverty into poverty in the coming months as government support is withdrawn/returns to pre-pandemic levels. The Bevan Foundation has highlighted the potential impact of rising unemployment on in-work poverty as this is likely to reduce pressure on employers to increase hours or improve pay for their existing workforce (Bevan Foundation, 2020a).

There have been numerous calls to improve the quality of work and jobs in Wales during the Coronavirus recovery period. Speaking at a Resolution Foundation event in November 2020 the First Minister, Mark Drakeford, highlighted that the focus on UK government Coronavirus support has been sustaining existing jobs rather than developing what the Welsh economy and workforce will need after the crisis.

It is argued by many that there should be a dual focus on providing training initiatives (for young people and those who have lost their jobs during the pandemic) and increasing the number of high productivity, high paid jobs in Wales.

7.2 – Housing

Housing is the key area where debt as a result of the Coronavirus pandemic has built up for many families. Stakeholders at a recent roundtable hosted by the Bevan Foundation expressed concerns that people either did not understand the significance of their rent arrears due to inexperience with such situations or were choosing to avoid the problem in light of temporary protections (Bevan Foundation, 2020a). The Joseph Rowntree Foundation, Save the Children and the Tenant Participatory Advisory Service Cymru have all expressed concerns about a potential eviction spike in Wales once the protections are lifted (TPAS Cymru, 2020).

The Welsh Government has taken some steps to reduce the pressures of housing expenditure on households affected by the pandemic through extension of the no-fault eviction notice period and the introduction of a Tenant Saver Loan Scheme (Welsh Government, 2020c). This scheme involves the Welsh Government providing loans to tenants who cannot pay their rent because of Coronavirus. It offers 1% APR loans to tenants, which are paid directly to landlords or letting agents, with a repayment period of up to five years. The scheme also provides access to support services to help tenants who are struggling to manage their finances (Welsh Government, 2020c). While this scheme is seen as a positive measure as it will help to prevent evictions, it may also leave tenants with debts which prevent them from leaving a property in the future (Bevan Foundation, 2020a).

Housing has also posed a serious challenge to the Welsh Government policy of working from home. Many people in low-income households, poor-quality housing and shelter situations are unable to work from home as their environment is not suitable (Bevan Foundation, 2020a). This can lead to people having to give up their job and presents serious barriers to people trying to (re)enter the labour market, as working from home is expected to continue to be encouraged, at least in the short term.

The Welsh Government has recently announced 'long-term ambition to see around 30% of Welsh workers working from home or near from home, including after the threat of Covid-19 lessens' (Welsh Government, 2020g) which suggests that large-scale remote working could become a permanent feature of the Welsh economy.

7.3 – Social security and support

There is uncertainty as to what will happen after the temporary changes to social security introduced in response to the pandemic, including the £20 per week increase to core Universal Credit payments, come to an end in 2021. There are concerns that existing issues with social security (such as the five-week wait for Universal Credit and concerns about the level of support provided) will be exacerbated as more people are set to continue claiming these benefits as a result of the long-term effects of Coronavirus on the labour market (Bevan Foundation, 2020b).

In Wales there is significant concern about the impact of the reversal of temporary changes to the provision of support, which proved beneficial during the pandemic. For example, cash provision in place for FSMs is expected to end as schools return.

However, there is currently no clear framework in place to support families receiving FSM if schools are closed or children told to isolate in response to a Coronavirus outbreak (Bevan Foundation, 2020a). If support is not provided families receiving FSM could fall into food poverty – at least in the short term.

The Bevan Foundation argues that the underlying and pre-existing issues in the social security system will prevent families from accessing adequate and timely support as poverty in Wales increases because of Coronavirus (Bevan Foundation, 2020a). It highlights the problems generated by benefit caps on schemes like FSM which prevent many families in in-work poverty from receiving support, pushing them closer to poverty. Together with a number of other organisations, it also calls for the establishment of a Welsh benefit system which can provide assistance tailored to the Welsh context (Joseph Rowntree Foundation, 2020b).

7.4 – Bills and debt

There are significant concerns that people will continue to fall behind on utility bills as the pandemic progresses. This is likely to lead to more households being cut off from water, heating and internet supplies. While this was a problem when the pandemic began in the spring and summer of 2020, it became an even greater issue in terms of health risk throughout the winter (Bevan Foundation, 2020a). People in deprived areas are more likely to have existing health conditions, including respiratory illnesses, that are worsened by cold conditions. Coronavirus is also known to thrive in cold damp conditions. Therefore, the risk of people being pushed into fuel poverty over the winter also presented a very real public health risk in relation to the pandemic (Senedd Research, 2020).

Falling behind on bills will also impact the education of children in low-income households. If internet access is cut off, which is currently a situation faced by 10% of families in Wales, children and students will be unable to access their remote learning materials at home and may not be able to access such material at all under increased lockdown measures (Bevan Foundation, 2020a). Lack of internet access and the cost of internet bills have been key challenges faced by many low-income households who have had to engage in remote education during the pandemic.

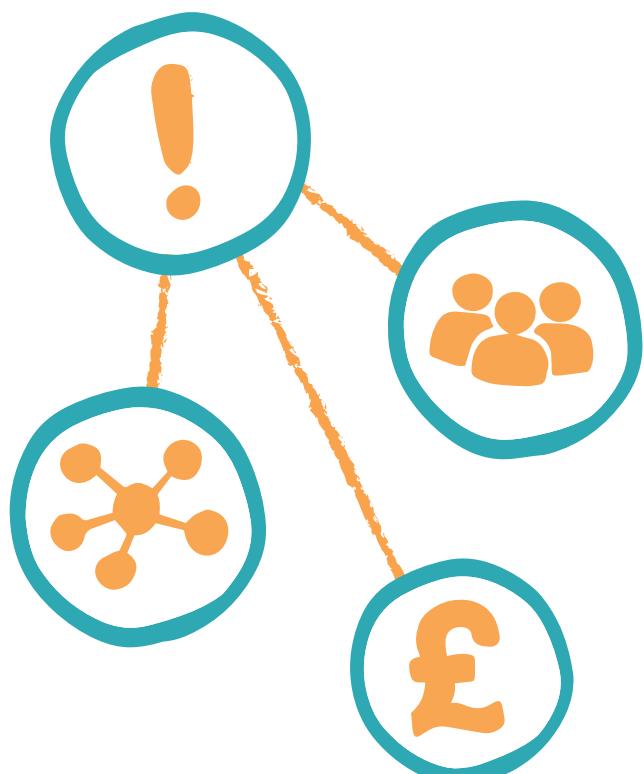
UK level research by the Resolution Foundation found that 50% of people with less than £1,000 in savings have had to draw on their savings to cover everyday expenditure (Resolution Foundation, 2020b). Analysis by the Wales Governance Centre found that one in four households in Wales did not have enough savings to replace their normal income for one month (Wales Governance Centre, 2020).

Borrowing has also increased in Wales, with more than 25% of people with a household income under £10,000 and more than 20% of people with a household income between £10,000-19,999 having borrowed to cover everyday living costs during the pandemic. This compares to 15% of the whole population (Bevan Foundation, 2020d). The increase in savings draw down and debt raises concerns about financial pressure on households in the future, particularly if the pandemic lasts longer than people originally anticipated. A potential increase in savings draw down and borrowing is of particular concern for Wales as prior to the pandemic the Joseph Rowntree Foundation identified limited personal savings as a key driver of future poverty (Joseph Rowntree Foundation, 2018).

7.5 – Brexit

Alongside Coronavirus, Brexit presents a real challenge to efforts to tackle poverty and social exclusion in Wales in the short term. The Bevan Foundation suggests that Brexit is likely to have a significant impact on food prices and therefore food poverty (Bevan Foundation, 2020a). Estimates had predicted that Brexit could increase the cost of food by between 6% and 22% in the following 14 months (Barons and Aspinall, 2020). However, as Brexit has coincided with the Coronavirus pandemic experts have suggested that it will be difficult to identify the impacts of Brexit on poverty until the full impact of the Coronavirus pandemic is known (Portes, et al., 2020).

It is important to note that people and households that are socially excluded and/or living in poverty have limited resources and as such have lower resilience in the face of economic shocks like Brexit and the Coronavirus (Portes, et al., 2020). These people are, therefore, most likely to be adversely affected by such shocks as their ability to adapt is limited by their lack of resources.



8. Conclusion

Poverty and social exclusion are longstanding issues in Wales. Before the Coronavirus pandemic almost one in four people lived in poverty. The Coronavirus pandemic has only exacerbated poverty and social exclusion for those already affected in Wales and has pushed many people into poverty and led to them experiencing social exclusion for the first time. The uncertain future of the pandemic and the impact of Brexit further complicate any attempts to predict the trajectory of poverty and social exclusion in Wales.

It is clear that the future of poverty and social exclusion in Wales will be deeply influenced by the course of the pandemic and how the Welsh and UK Governments manage the recovery period.

While many have praised the actions taken by these Governments to support people during the pandemic so far, this support is temporary and will not be sufficient to tackle the long-term impacts of the pandemic.

Unemployment/under-employment and housing remain key issues in Wales, which have been made more acute by the pandemic. The pandemic has also increased the uptake of social security support and highlighted the need for improvements of this system. The long-term (physical and mental) health impacts of Coronavirus and the disruption of education because of the pandemic are also likely to be key issues affecting the future of poverty and social exclusion in Wales.



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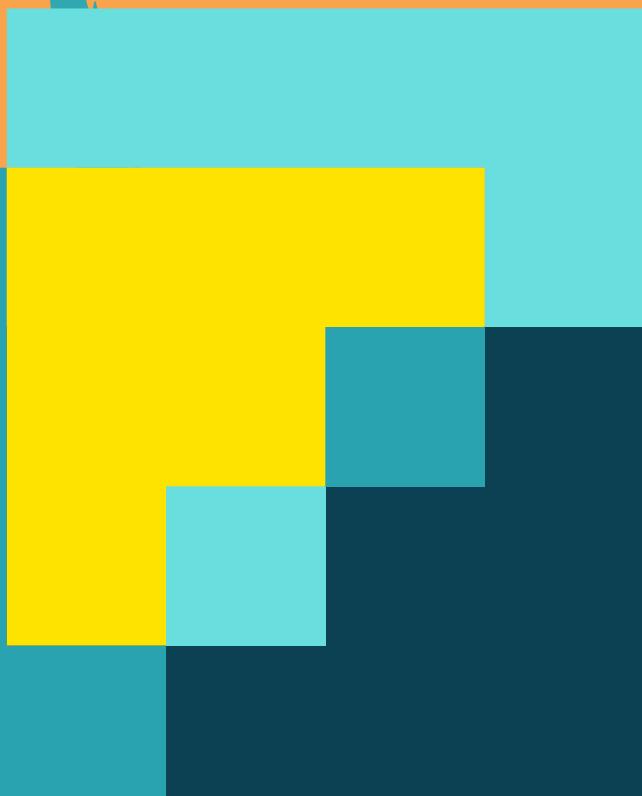
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