



Llywodraeth Cymru
Welsh Government

Child Poverty Progress Report 2019

December 2019



Child Poverty Strategy: Assessment of Progress 2019

Audience

The National Assembly for Wales, Welsh Local Authorities, Public Bodies, Anti-Poverty Champions, Private and Third Sector organisations that have an interest in deprivation and poverty in Wales, and members of the public.

Overview

This document summarises an assessment of the Welsh Government's progress towards achieving the objectives of its Child Poverty Strategy.

Further information

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Related documents

Taking Wales Forward 2016-2021

<https://gov.wales/taking-wales-forward>

Prosperity for All

<https://gov.wales/prosperity-all-national-strategy>

Child Poverty Strategy for Wales (2015)

<https://gov.wales/child-poverty-strategy-wales-report>

Economic Action Plan

<https://gov.wales/prosperity-all-economic-action-plan>

Employability Plan

<https://gov.wales/employability-plan>

Strategic Equality Plan

<https://gov.wales/sites/default/files/publications/2019-03/equality-plan-and-objectives-2016-2020.pdf>

Version 2

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

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Ministerial Foreword



I am proud to be a member of a Welsh Government, which has always put children and children's rights at the heart of everything it does. Tackling child poverty has been – and continues to be – a priority for all Ministers in this government.

We will do everything in our power and make resources available to help those children and families most in need.

This statutory report provides an assessment of the progress made towards achieving our child poverty objectives since the publication of our first Child Poverty Strategy in 2011.

It makes for sober reading. The latest figures show that, while we are making some progress in addressing child poverty, it remains stubbornly high¹.

On the one hand, the report sets out that where the Welsh Government has the power and ability to directly intervene and influence those factors which contribute to child poverty and inequality; we are making a positive difference.

Our actions are helping to mitigate the worst impacts of poverty – putting up to £2,000 back into the pockets of people every year – and tackle some of the root causes of poverty.

But we cannot completely mitigate for or undo the fundamental causes of poverty and inequality, which are inexorably being imposed on us from beyond our borders and beyond our control.

We are experiencing the longest period of sustained austerity and the biggest squeeze on public spending in living memory, as a result of decisions made by successive UK Governments over the last decade.

The UK Government has also made a succession of reforms to the safety net of welfare benefits, which have had a cruel – and in many cases devastating – impact on families and individuals who have looked to the state to help in their time of need.

These changes to the way benefits are paid and administered and the advent of a punishing sanctions regime, all in the wake of a country recovering from a long and deep recession, where work has become less fair and reliable, has created the conditions for more families – and more children – to slip below the poverty line.

Following his visit to the UK, the UN Special Rapporteur on Extreme Poverty and Human Rights highlighted that a decade of austerity has eroded the social structures, which have been developed since the last war to support the poorest and most vulnerable in our communities.

He also criticised the UK Government's tax and welfare reforms, which have impacted most damagingly on those who are least able to manage the changes.

¹ For the three year period ending in 2017/18, 29 per cent of children in Wales were living in relative income poverty. This compares to 28 per cent for the three year period ending in 2016/17.

We will continue to do everything we can to address child poverty. As a government, we will review how we can develop a more compassionate, citizen-centred approach to tackling poverty, through continued cross-government activity.

We are reviewing our programmes and services to ensure they have maximum impact on the lives of families in poverty as well as planning our budget priorities for 2020-21 using a poverty lens.

It is essential we use all the levers at our disposal to build greater resilience that will help support people and communities to meet the challenges ahead.

I welcome this report, as it sets out the scale of the challenge we face in Wales and the level of pressures coming from beyond our borders. It also highlights our ongoing commitment to make a difference, however difficult the circumstances.

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive style and is centered within a light blue rectangular box.

Julie James AM
Minister for Housing and Local Government

How do we measure Child Poverty?

The key indicator of child poverty is the percentage of children living in households below 60% of the median UK household income (After Housing Costs).

In addition to the relative measure of child poverty, we use a wider set of key indicators to measure progress on delivering the changes we want the Child Poverty Strategy to deliver.

These indicators reflect the policy levers available:

- % of children living in relative income poverty (After Housing Costs).
- % of children living in relative income poverty where at least one adult is working (After Housing Costs).
- % of children living in workless households.
- % of working age adults with no qualifications.
- % of working age adults holding qualifications at levels 2, 3 or 4 and above.
- % of children living in low income households who are reaching health, social and cognitive development milestones when entering formal education.
- % of 7 year old pupils eligible for Free School Meals (FSM) achieving the expected level at the end of the Foundation Phase.
- % of pupils eligible for Free Schools Meals (FSM) who achieve the Level 2 threshold including English / Welsh and Maths at Key Stage 4.
- % of young people aged 16-18 who are not in employment education or training (NEET).
- % of young people aged 19-24 who are not in employment education or training (NEET).
- % of babies (live births) born with a low birth weight (defined as under 2,500 grams).

Definition of Poverty

Our Child Poverty Strategy defines poverty as:

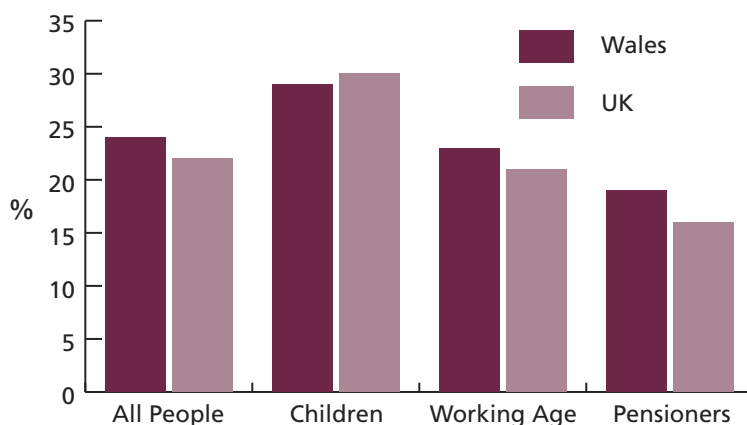
A long-term state of not having sufficient resources to afford food, reasonable living conditions or amenities or to participate in activities (such as access to attractive neighbourhoods and open spaces) that are taken for granted by others in their society.

What are the current trends in Child Poverty?

The latest figures show that, although we are making some progress, child poverty in Wales remains stubbornly high. For the three year period ending in 2017/18, 29 per cent of

children in Wales were living in relative income poverty. This compares to 28 per cent for the three year period ending in 2016/17.

Percentage of people in relative income poverty (after housing costs) in Wales and the UK by age group, 2015-16 to 2017-18



Source: Welsh Government analysis of the Family Resource Survey data for Wales (2015-2016 to 2017-18)

UNCRC

In May 2012, our duty to have due regard to the United Nations Convention on the Rights of the Child came into place as part of the Rights of Children and Young Persons (Wales) Measure 2011.

Children’s Rights remain central to our approach to tackling child poverty.



What are we doing to meet our child poverty objectives?

Supporting people into decent jobs²

Since devolution the economic inactivity rate in Wales has fallen by 6.7 percentage points, compared with a fall of 2.5 percentage points for the UK over the same period. The economic inactivity rate is now lower than the UK as a whole. During the same period, the number of workless households in Wales fell from 223,000 to 182,000, representing a decline of 18.3%. The employment rate in Wales is now higher than the UK as a whole.

The proportion of 16 to 18 year olds who are not in education, employment or training (NEET) has been gradually decreasing since 2011. The provisional estimate for 2018 shows a small increase (less than one percentage point) compared with 2017, however, this figure is one of the lowest seen in over a decade. The proportion of 19 to 24 year olds that are NEET has been falling since the recession and now stands at around 16%.

Child Poverty Indicators

% of young people 16-18 years who are *NEET

Year	%	No
2011	12.2	14,000
2017	9.4	9,700
2018	10.3	10,300

% of young people 19-24 years who are *NEET

Year	%	No
2011	22.3	57,400
2017	16.1	39,400
2018	16.1	39,100

Our programmes continue to make a difference

Communities for Work Plus – Has engaged 12,723 participants up to the end of October 2019 with 4,251 of them securing employment.

Communities for Work – Up to end September 2019, the programme has provided employment support to 23,480 people, and supported 8,750 of them into employment across Wales.

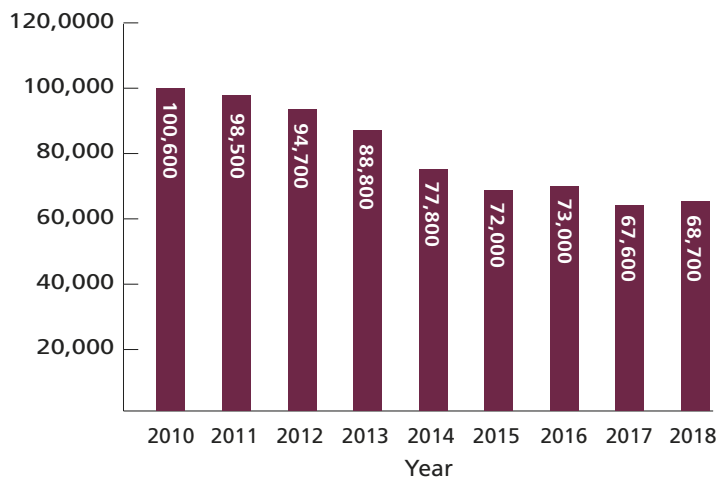
PaCE – Up to end of October 2019, 4,750 people have received employment support and 1,820 of them have been supported into employment.

Going Forward

Since our last report, the number of children living in workless households has fallen from 73,000 in 2016 to 68,700 in 2018. Nevertheless, we know we need to do more.

Working Wales (<https://workingwales.gov.wales/>), the new employability advice service for Wales was launched in May 2019 to reduce the complexity of our existing employability delivery model for young people and adults, and complement regional and community level delivery.

Number of Children living in workless households in Wales



Source: Annual Population Survey, Office for National Statistics

² In Objective 1 of our Child Poverty Strategy we commit to 'reduce the number of families living in workless households, as children living in workless households are particularly at risk of living in poverty'.

Helping parents and young people increase their skills³

We know that improving skills is the most direct way to improve individual employment outcomes and drive local economic performance.

Apprenticeships – We are exceeding the performance profile by 7% on our £120m programme. 69,645 apprentices have started since the 100,000 target was introduced in 2016.

EU Funding – We are taking steps to eliminate the qualification gap between Wales and the rest of the UK. Up to 31 August 2019, projects funded under the 2014-20 ESF programme have helped over 77,000 people to gain a qualification in preparation for work, or while they were employed.

Our **Flexible Skills Programme** has supported 59 employers to improve the skills levels of 4000 employees, tackle skills shortages and improve workforce capability and productivity.

Adult Education – We are supporting people from vulnerable households to develop their Communication (Including English for Speakers

of Other Languages), Numeracy and Digital Literacy learning, providing them with the skills they need to thrive in our society and economy.

An action learning grant of £300,000 is supporting FE institutions to deliver flexible adult learning in communities to reduce barriers such as work commitments, transport, childcare and caring responsibilities.

Going Forward

We are piloting a two year Personal Learning Account programme for workers aged 19+ earning less than £27,000 per year to fund personal vocational retraining in sectors where there is a skills shortage. Funding will provide access to a range of occupational learning/courses and approved qualifications linked to key sector demands. We also continue to prepare for any skills gaps that may emerge as a result of our exit from the EU. Whilst we procure the new Job Support Wales Employability Programme, we will extend a range of programmes including Traineeships and the Employability Skills Programme to provide continuity of employability and skills support during a time of uncertainty.

Child Poverty Indicators

% of working age adults ^{3a} with no qualifications		% of working age adults ⁴ holding qualifications at levels 2, 3 or 4 and above	
Year	%	Year	%
2011	12.0	2011	72.8
2016	9.5	2016	77.7
2018	8.4	2018	78.9

³ In Objective 2 of our Child Poverty Strategy we commit to 'increase the skills of parents and young people living in low-income households so they can secure well-paid employment and in-work progression, as in-work poverty is a growing issue'.

^{3a} Males and females aged 18-64. This table was previously based on an older definition of working age (males 18-64 and females 18-59).

Helping every child reach their full potential⁴

Tackling Educational Inequalities

While there has been an increase in the number of FSM pupils achieving Level 2 inclusive, there has been a fall in the percentage of FSM pupils achieving the expected level at the end of the Foundation Phase between 2018–2019. However, 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.

We have invested over £190m in 2018-19 and 2019-20, supporting leaders in schools in Wales to improve outcomes for our disadvantaged learners.

Pupil Development Grant – since its launch in 2012, we have made available more than £475 million through the PDG which has supported the equivalent of over 530,000 children and young people to reach their potential.

Further Education – in 2018/19, 20,855 students were approved for the Educational Maintenance Allowance, with around £17 million paid out to eligible students.

Higher Education – the number of students supported has increased from around 74,700 in 2017/18 to around 77,600 in 2018/19, and the amount of support has increased from £0.95 billion to £1.01 billion.

Going Forward

We are focusing on a number of specific areas to enhance the impact of the PDG: we have commissioned Children in Wales to produce a suite of guides for schools covering key aspects in addressing the cost of the school day, including understanding the causes and impact of living in poverty, food and hunger, and school uniforms; we are revising the PDG model for looked after children (PDG-LAC) so that this element of the grant is as effective as it can be; Regional PDG advisers have been appointed to support schools to make evidenced decisions likely to have the greatest impact in terms of their PDG spending; we are focussing on the early years, so that we’re intervening early in an holistic way rather than trying to play catch-up at key stage 4 to get young people over the GCSE line.

Child Poverty Indicators

% of 7 year old pupils eligible for Free School Meals achieving the expected level at the end of the Foundation Phase

Year	%
2012	66.2
2018	67.9
2019	63.8 ^{4a}

% of pupils eligible for Free Schools Meals who achieve the Level 2 threshold including English/Welsh and Maths at Key Stage 4.^{4b}

Year	%
2011	22.0
2017	28.6 ^{4c}
2018	29.5

⁴ In Objective 3 of our Child Poverty Strategy we commit to ‘reduce the inequalities which exist in the health, education and economic outcomes of children and families by improving the outcomes of the poorest. Preventing poverty is fundamental to our long term vision for supporting low income households’.

^{4a} Following changes to the Foundation Phase Areas of Learning, data for 2018 onwards should not be compared with earlier years.

^{4b} Data from 2016 onwards refers to pupils in Year 11 as opposed to pupils aged 15 in previous years.

^{4c} The L2 inclusive threshold requirements changed significantly in 2017 and therefore comparisons to previous years’ should be avoided. Comparisons between 2017 and 2018 are fine.

Improving the health of the poorest⁵

Tackling Health Inequalities

The most recent life expectancy figures (2015-2017) show little change on recent years, however, healthy life expectancy and mortality outcomes continue to be worse for those living in more deprived areas. The proportion of babies born with a low birth weight hasn't changed much in the last decade, but 2017 saw an increase following the lowest figures in 2014 and 2015.

We know good health depends on much more than the provision of good health services. The way a society is organised; it's economic prosperity; a person's early life chances; their education and employment opportunities; community support and cohesion; the food we eat; the homes in which we live and many more factors impact on health and health inequalities.

Action to tackle health inequalities is therefore embedded into policies and initiatives across the whole of Welsh Government through a 'Health in All Policies' approach. Tackling the link between poverty and poor health is a key feature of a range of commitments including employment programmes, fair work, quality housing and access to childcare.

Healthy Child Wales Programme: supports Health Boards in Wales to deliver a universal health programme for children and their families from maternity service handover to the first years of schooling.

Child Poverty Indicators

% of babies (live births) born with a low birth weight (defined as under 2,500 grams). Figures are for the most deprived quintile

Year	%
2010-12	7.7
2016 ^{5a}	6.9
2017	7.4

Adverse Childhood Experiences (ACEs):

this work is supporting those affected by ACEs to build resilience and prevent them adopting health harming behaviours which can lead to long term poor health and well-being.

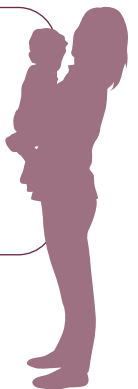
In Work Support Service: To date, the programme has helped 3,400 people to remain in work and a further 1,600 to return to work through therapeutic support. It has also helped some 3,000 SMEs to reduce the business impact of sickness absence.

Going Forward

Our Early Years Integrated System programme aims to create coherent services for families bring together different systems and services – both locally and nationally – that are relevant to the early years, primarily across health and Local Authorities.

Healthy Weight: Healthy Wales (<https://gov.wales/healthy-weight-strategy>) will support Local Health Boards and partners to develop Obesity Pathway and support the Health and Wellbeing area of the new schools curriculum on food and nutrition. It will also support our **10 Steps to a Healthy Weight** (<http://www.wales.nhs.uk/sitesplus/888/news/40753>) programme, which will include supporting health and care professionals to hold more regular conversations with families. A series of delivery plans will help to shape the Healthy Weight: Healthy Wales national priority areas.

Data forthcoming: children living in low income households who are reaching health, social and cognitive development milestones when entering formal education.



⁵ In our Child Poverty Strategy we commit to 'reduce the inequalities which exist in the health, education and economic outcomes of children and families by improving the outcomes of the poorest. Preventing poverty is fundamental to our long term vision for supporting low income households'.

^{5a} Public Health Wales now publish single year figures.

Securing the prosperity of families⁶

Tackling Economic Inequalities

We know that those with protected characteristics are more at risk of experiencing economic inequality and poverty. We are taking forward a range of initiatives aimed at improving employment opportunities and delivering better economic outcomes for protected groups.

Code of Practice on Ethical Employment in Supply Chains: More than 150 organisations have adopted the Code helping to tackle illegal and unethical employment and working practices and promote the accredited living wage.

All Wales BAME Engagement Programme: Interim findings from the programme run by EYST and funded under our Equality and Inclusion Programme, have highlighted a number of priority areas, including socio-economic issues and employment. EYST will present final recommendations in March 2020.

We also recognise that there are regional disparities in wealth and opportunity between different parts of Wales.

Our **Economic Action Plan** sets out the steps we will take to tackle regional inequality and promote fair work.

Child Poverty Indicators

Child poverty remains stubbornly high

29%

of children in Wales live in relative income

poverty

(after housing costs)

3 years ending 2017-2018

Regional Economic Development: Three Chief Regional Officers have been appointed to work with people and businesses, bringing partners together to develop and deliver regional business plans that identify regional priorities and opportunities, building on regional strengths.

Going Forward

It is critical we do more to support those with protected characteristics, particularly disabled people, lone parents (who are predominantly women) and certain Black, Asian, Minority Ethnic (BAME) groups, to achieve better outcomes and progress in the labour market.

We have committed to enact Part 1 of the Equality Act 2010, the socio-economic duty which will place a responsibility on public bodies in Wales to consider how their decisions might help to reduce the inequalities associated with socio-economic disadvantage.

The consultation on our strategic equality objectives has recently closed and responses are currently being assessed to inform the way forward.

In addition our Gender Equality Review concluded in July 2019 and Chwarae Teg's **Deeds not Words** (<https://chwaraeteg.com/wp-content/uploads/2019/09/Deeds-Not-Word-full-report.pdf>) report and Roadmap, together with a number of complementary reports, were published in September. We are currently working towards a plan for the implementation of the recommendations.

39% of children who live in a family with at least one disabled person are in relative income poverty, compared with 29% overall.

44%

in lone parent households are in relative income poverty

⁶ In our Child Poverty Strategy we commit to 'reduce the inequalities which exist in the health, education and economic outcomes of children and families by improving the outcomes of the poorest. Preventing poverty is fundamental to our long term vision for supporting low income households'.

Creating good, well paid work⁷

Well-paid, fair work is the best route out of poverty and the greatest protection against poverty for those at risk. We have made good progress promoting economic growth and in 2018/19 supported over 30,000 jobs in the Welsh economy.

Since devolution the economic inactivity rate in Wales has fallen by 5.0 percentage points, compared with a fall of 2.6 percentage points for the UK over the same period. Wales is also maintaining an employment rate well above its historical average, with the level up over 263,000 since the start of the Assembly.

Working with partners, **Business Wales**, has supported the creation of 1,042 new enterprises across Wales during 2018. In 2018, enterprise numbers in Wales were the highest since comparable records began and, between 2012 and 2018, the number of enterprises headquartered in Wales increased by nearly 15,000 (17%).

In 2018, Wales had the third highest business birth rate of the twelve UK countries and regions. New and existing SME's have been supported to grow in sustainable and responsible ways, helping to create 6,116 new jobs during 2018.

We support the **Welsh Living Wage** which equates to the Real Living Wage as defined by the Living Wage Foundation.

There are 219 accredited living wage employers in Wales, including 23 in the public sector and 72 third sector.

Our **Community Benefits** approach to procurement had been applied to contracts worth £518m in the last year helping create 202 employment opportunities, 301 apprenticeships and 17,215 weeks of training.

Intelligence and labour market information is shaping the deployment of Further Education and Work-based learning provision through £495,000 investment in the 3 Regional Skills Partnerships.

Going Forward

We will consider the recommendations of the **Digital Innovation Review** (<https://gov.wales/review-digital-innovation-delivering-economic-transformation-better-future-work>) and the practical and long term actions Wales can take to meet the challenges and maximize the opportunities that digital innovation presents. Our **Business Wales Brexit portal** (<https://businesswales.gov.wales/brexit/home>), is helping businesses across Wales to prepare for the changes to come. **Business Wales** (<https://businesswales.gov.wales/>) and **Careers Wales** (<https://www.careerswales.com/en/>) will work together more closely to better link recruiting employers with people seeking work.

Child Poverty Indicators

Percentage of children in Wales in relative income poverty (after housing costs), by economic status of household, three-financial-year averages to years 2015/16-2017/18



Source: Welsh Government analysis of the Family Resource Survey data for Wales (2015-2016 to 2017-18)

⁷ In our Child Poverty Strategy we commit to 'use all available levers to create a strong economy and labour market which supports the tackling poverty agenda and reduces in-work poverty in Wales'.

Keeping more money in people’s pockets⁸

Too many people are struggling to meet everyday living costs so, more than ever, financial inclusion has a vital part to play in improving the well-being of people living in Wales.

One of our key principles for supporting low income households to make their money go further is our support for the delivery of a more generous ‘social wage’ in Wales – cash equivalent services, funded by government, which have the effect of leaving money in the pockets of Welsh citizens. This can leave some Welsh families much better off than would otherwise be the case. This ‘progressive universalism’ approach is fundamental in helping us to deliver our vision of a more equal Wales.

Advice Services – Last year (April 2018 – March 2019) the advice services we fund helped over 77,000 people to secure over £53 million of additional welfare benefit income.

Discretionary Assistance Fund (DAF) – From April 2018 to March 2019 the DAF supported 58,934 awards to the most vulnerable people in Wales with £10.57 million spent in grants.

Warm Homes Programme – our investment has improved the energy efficiency of more than 55,000 homes in Wales since 2009, saving bill payers an estimated average of £400 a year on their domestic fuel bills.

Council Tax Reduction Scheme – In 2018-19, around 280,000 vulnerable and low-income households benefitted from the CTRS, around 76,000 of these were families with children. The average support provided to households in 2018/19 was approximately £940 per year. Since April 2019, care leavers living in Wales have been exempt from council tax until their twenty-fifth birthday. It is estimated that around 700 young people are eligible for this support each year.

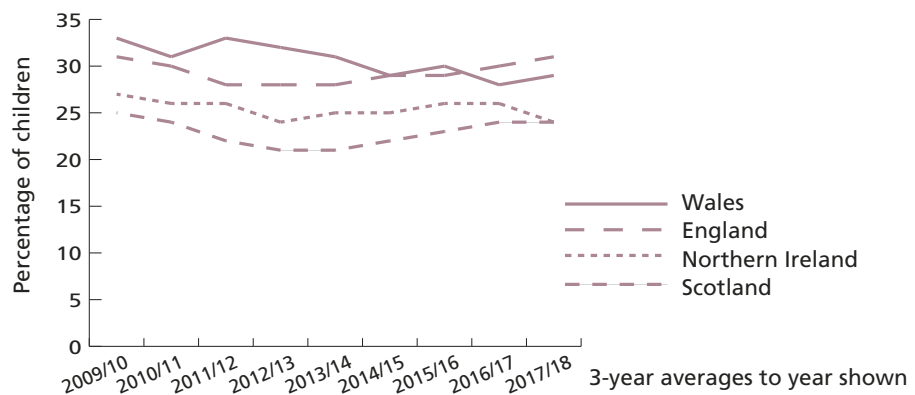
Going Forward

Our Nest Health Pilot is providing improvements for those most at risk of fuel poverty because of certain health conditions. Around 12 per cent of households in Wales are fuel poor compared to 26 per cent in 2008.

We are also looking at where we can have a greater impact in increasing household income for vulnerable households in devolved policy areas, especially through the Social Wage.

Child Poverty Indicators

Percentage of children living in relative income poverty, UK nations



Source: Households Below Average Income (HBAI) report (2015-16 to 2017-18), published by the Department for Work and Pensions (DWP)

⁸ In our Child Poverty Strategy we commit to ‘support families living in poverty to increase household income through debt and financial advice, action to address the “poverty premium” (where households pay disproportionately more for goods and services) and action to mitigate the impacts of welfare reform’.

What else have we been doing?

The 2015 Child Poverty Strategy identifies five key priority areas where we can do more with the levers available to the Welsh Government to improve outcomes for low income households in the here and now. These areas are childcare, housing and regeneration, in-work poverty, food poverty and mitigating the impacts of welfare reform.

Childcare

The majority of children living in relative income poverty live in a household where at least one person is working. Childcare is often cited as the reason why some parents work where they do, work the hours they do, or don't work at all. The introduction of the **Childcare Offer for Wales** (<https://gov.wales/childcare-3-and-4-year-olds>) acknowledges the pressure on hard working parents, supporting them with their childcare costs and enabling them to access wider employment choices.

The Childcare Offer provides working parents with 30 hours of Government funded early education and childcare for their 3 and 4 year olds for up to 48 weeks a year. The Offer is available across the whole of Wales and over 15,000 children are now accessing the funded childcare.

We know from the evaluation of the first year of the Offer that 60 per cent of parents accessing the Offer said it had provided more opportunities for in-work training and learning and development. 60 per cent of parents accessing the Offer were earning the equivalent or below the Wales median annual salary; with 30 per cent earning £15,599 or less.

88 per cent of parents reported having more money as a result of the Offer. For a typical family accessing 20 hours of Government-funded childcare per week during school term time, they could potentially be getting the equivalent of £90 more money in their pockets per week. For families accessing 30 hours childcare per week in the school holidays, they could be getting the equivalent of £135 more money in their pockets every week.

The Deputy Minister for Health and Social Services is reviewing the eligibility criteria for the Offer, considering the feasibility of expanding it to include parents in education and training.

Providing homes and preventing homelessness

Good, stable housing lies at the centre of mitigating the impact of poverty for children and their families. Since April 2019, care leavers living in Wales have been exempt from council tax until their twenty-fifth birthday. The exemption aims to support care leavers in their transition into adulthood and independent living. It is estimated that around 700 young adults are eligible for this support each year.

Our £126m **Supporting People** (<https://gov.wales/supporting-people-programme/>) **Housing Support Grant** provides services to homeless people, those who are vulnerably housed and people who need support to stay out of institutional settings. The Programme supports roughly 60,000 people annually to prevent homelessness and the need to move into institutional settings.

Social housing can positively impact on health, mental health and educational attainment. We are investing £116m in achieving our 20,000 affordable homes target which continues to focus on providing more affordable homes for the people who need it across Wales, including families with children. During 2017-18, 2,316 additional affordable housing units had been delivered across for the people who need it across Wales, including families with children.

We are fully committed to the aspiration of ending youth homelessness by 2027 and preventing homelessness in all its forms. We are investing £10m to prevent youth homelessness through a range of programmes: Our **Youth Homelessness Innovation Fund** (<https://gov.wales/youth-homelessness-innovation-fund>) is testing options for increasing the accommodation and support options available to vulnerable young people. We are taking

preventative action through our **Youth Support Grant** which builds on the Youth Engagement and Progression Framework delivery to prevent young people leaving education from becoming homeless. Our **Youth Homelessness Tenancy Support** initiative is funding Shelter Cymru to provide advice for vulnerable young people and support them to keep their tenancies. Investment in a **Youth Homelessness Communication and Engagement** programme is raising awareness of the risks of homelessness and promoting the services available to young people.

In July this year, the **Homelessness Action Group** (<https://gov.wales/homelessness-action-group>) was set up to consider the actions we need to take as a nation to create a new policy landscape to achieve our goal of ending homelessness. The group will produce a number of reports over a nine month period. The first report on rough sleeping in Wales was published this October following engagement with those with a lived experience of homelessness and those working in the sector. Subsequent reports from the Group will focus on the structures needed to ensure primary prevention is at the heart of all we do and tackles homelessness in all its forms.

Tackling Food Poverty

We have included three questions within the next National Survey to help us better understand the extent of food poverty and food insecurity in Wales.

We have allocated £3 million for 2018-19 for the **Healthy Start Wales** programme which can provide eligible households around £800 for the purchase of fruit, vegetables, milk and infant formula, and free multi-vitamin supplements for eligible households.

This year marks the 15th anniversary of our **Free Breakfast in Primary Schools** (<https://gov.wales/free-breakfast-primary-schools>) scheme. According to 2018 PLASC data, 1,161 or 87.9% of maintained primary schools in Wales provided free breakfasts and 61,487

children received a free breakfast in January 2019.

School meals are available free of charge for eligible pupils. We made an additional £5 million available to local authorities in 2018-19 to fund the additional costs arising from the rollout of Universal Credit. We also made an additional £7 million available through the Local Government Settlement in 2019-20 for additional free school meal costs associated with the new eligibility criteria and transitional protection. Pupil Level Annual School Census (PLASC) data shows there were 78,902 pupils known to be eligible for free school meals in Wales in January 2019.

We will be revising our **Healthy Eating in Schools (Nutritional Standards and Requirements) (Wales) Regulations 2013** (<http://www.legislation.gov.uk/wsi/2013/1984/contents/made>) to incorporate the latest government dietary recommendations. The standards make a positive contribution in providing a healthy balanced diet and encouraging good eating habits.

We are investing £800k in our **School Holiday Enrichment Programme** (<https://www.wlga.wales/food-and-fun-school-holiday-enrichment-programme>) which provides opportunities for children aged 7-11 years to be active, eat healthily and develop friendships in disadvantaged areas during the summer break. This year 3,720 places were offered to children across 21 local authorities. This has increased from 16 LAs and 2,300 children in 2018.

This year, £100k was made available for the **Holiday Hunger Playworks Pilot** (<https://gov.wales/new-pilot-tackle-food-poverty-during-school-holidays>) to test a variety of different models for tackling holiday hunger, improve nutrition and increasing rich play opportunities over the summer holidays and October half term through existing play provision. A proportionate review will make recommendations for applying this principle wider.

We have funded FareShare Cymru since 2011, enabling them to support a range of community groups and provide access to good quality food which would otherwise go to waste. Between July 2011 and March 2019, **FareShare's work in Wales** (<http://www.fareshare.cymru/about-us/impact/>) has saved over 3,000 tonnes of food from going to waste and 8 million meals have been provided to vulnerable people through this mechanism.

We have provided £2m through the EU Transition Fund to help build resilience in the emergency food network and facilitate stronger links between producers, wholesalers, retailers and others with a view to redistributing increased quantities of food including good food surplus.

Tackling In-work Poverty

The UK Government's programme of welfare reform since 2010-11 has had a particularly detrimental impact on levels of in-work poverty.⁹ In the latest period (2015-16 to 2017-18), 58 per cent of working-age adults who were living in relative income poverty, lived in households where at least one person was in work and 67 per cent of children in relative income poverty lived in households where at least one person works.

Nevertheless, we recognise that good employment is the best route out of poverty. Our focus is on maximising people's employability and aligning this with the creation of appropriate employment opportunities providing fair, decent work and opportunities for job progression.

We are strengthening the foundational economy and taking steps to improve the prospects of workers who are looking for opportunities for professional development. For example, our plan for the care sector and the **childcare, play and early years workforce** (<https://gov.wales/early-years-workforce-plan>) demonstrates our commitment to realising the potential and creating career

pathways for practitioners in these key areas. We have launched a '**WeCare.Wales**' (<https://www.wecare.wales/>) recruitment and retention campaign to promote highly rewarding careers in social care, early years and childcare that support people to live full and active lives.

In addition, we are taking action to break down barriers to work. Our **Childcare Offer** (<https://gov.wales/childcare-parenting>) is supporting second earners into work and helping those that work part time to work more hours.

Our **Economic Contract** (<https://gov.wales/over-200-companies-sign-economic-contract-first-year>) ties Welsh Government financial support to the availability of Fair Work. Employers that invest in their workforce – in areas such as health, skills and learning and job progress – play a fundamental role in tackling in-work poverty. Promoting fair work is a key objective for achieving a Welsh economy which delivers individual and national prosperity while spreading opportunity and tackling inequality.

The **Fair Work Commission** (<https://gov.wales/fair-work-commission>) has now published its report, **Fair Work Wales** (<https://gov.wales/sites/default/files/publications/2019-05/fair-work-wales.pdf>). Through the Commission we are committed to social partnership with employers and trade unions in promoting fair work practices, recognising the benefits of an open dialogue with social partners across the public and private sector. We are in the process of setting up a **Social Partnership and Fair Work Directorate** which will take forward the Commission's recommendations.

As part of this work we will continue to build on progress made across devolved public services, and promote the adoption of the **Welsh Living Wage** across the Welsh economy. This has the potential to improve levels of in-work poverty as one of a suite of policies aimed at increasing household income.

⁹ Bourquin, P. et al (2019) Why has in-work poverty risen in Britain? IFS Working Paper W19/12

Easing pressure for families

Analysis undertaken by Landman Economics and Aubergine Analysis on behalf of the Equality & Human Rights Commission (EHRC)¹⁰, which was published in March 2018, summarises findings on the potential impact of UK Government tax and welfare reforms, including at a Wales level. The analysis covers the cumulative impact of tax and welfare reforms announced between May 2010 and January 2018. Although tax and welfare changes announced since then are not taken into account, analysis by the Institute for Fiscal Studies (IFS)¹¹ shows the tax and welfare changes announced in Budget 2018 make relatively little difference to household incomes in the long run.

The EHRC report estimates:

- Households in Wales are estimated to lose 1.5 per cent of their net income on average (or around £480 a year) from the overall package of tax, welfare and National Living Wage reforms announced since 2010. Overall, these changes are regressive, with the largest impacts being felt by people on the lowest incomes.
- Households with children experience much larger losses as a result of the tax and welfare reforms than households without children. This is especially the case for lone parents in Wales who lose around £3,720 a year on average, and also large families. Those families with three or more children in Wales lose around £4,110 a year on average.

- Relative child poverty (after housing costs) in Wales is estimated to increase substantially, with the reforms pushing an extra 50,000 children into poverty by 2021-22 (an increase of around 8 percentage points).
- There is a disproportionately negative impact on the incomes of several protected groups, including disabled people, certain ethnic groups, and women, and particularly negative impacts on intersectional groups who experience multiple disadvantages (for example, lone parents with disabled children).

The Welsh Government is committed to helping those who are most at risk of poor outcomes and we taking action across government to help and support vulnerable people to manage the impacts of the welfare benefit changes in Wales.

There are a number of key programmes and policies which have a significant impact on progress towards putting money back in people's pockets. Details of these programmes can be found in the Annex to this report.



¹⁰ Reed, H., and Portes, J. (2018) The cumulative impact of tax and welfare reforms

¹¹ Waters, T. (2018) Personal tax and benefit measures; Norris Keiller, A., and Waters, T. (2018) Distributional analysis

What will we be doing next?

We are facing an unprecedented situation in the life of devolved Welsh Government. The challenges we face mean we must look again at what we are doing as a government – our activities, our policies and our priorities – to ensure that we do everything within our powers to support our most vulnerable citizens in these most uncertain of times.

Our exit from the EU has the potential to cause significant economic damage in Wales, and a damaging ‘no deal’ withdrawal from the EU could impact severely on child poverty. This makes it more important than ever that we focus the collective impact of our devolved powers to deliver on our priority of tackling poverty, to ensure the negative impacts of this decision are mitigated as far as possible. We know this will not be easy.

As part of this work, we have asked the Wales Centre for Public Policy (WCPP) to explore the case for the devolved administration of aspects of the benefits system. We have already begun to outline some core principles for change which include compassion, fairness, dignity and understanding, with the aim of taking a more citizen-centred, humane approach. We have recently responded to the Equalities, Local Government and Communities Committee report and recommendations ‘Benefits in Wales: better options for delivery’ and will be taking forward work as part of the WCPP review.

Work is in progress to undertake a review of existing funding programmes to ensure that they have the maximum impact on the lives of children living in poverty is in progress. In addition to considering how children living in poverty as a whole group miss out in their current lives and life chances, the review will consider which groups of children are more vulnerable to poverty or may experience support services differently.

The review will help to inform how we prioritise our funding to support programmes going forward. It will seek to identify those policies and programmes that are working well, as well as those areas where we should be doing more. It will equip us to make difficult decisions around any disinvestment while also identifying those areas where additional resources should be targeted.

Throughout the review process, our commitment to children’s rights and our promise to engage with children, young people and families as part of the review will mean that the voices of those with a lived experience of poverty will help to inform the options going forward. We will engage with people living in poverty to ensure their views are taken into account in designing policies.

This work will also be informed by the findings and recommendations of a range of stakeholders such as the Children’s Commissioner for Wales, the Bevan Foundation, Children in Wales, Ethnic Minority and Youth Support Team Wales (EYST), Race Council Cymru, Disability Wales, the End Child Poverty Network and Chwarae Teg. We will also take on board research and analysis by organisations such as the Equality and Human Rights Commission, Oxfam and the Organisation for Economic Co-operation and Development.

It will also take into account relevant Welsh Government policy interventions including taking account of the consultation on strategic equality objectives, promoting the accredited living wage as part of the Code of Ethical Procurement Policy and the Economic Contract.

Following the review, I expect to receive the final report in March next year. The report will include proposals for a future programme of activity and a timetable for that delivery based on the recommendations.

I will make a further announcement once the review is complete.