



Poverty in Wales

Executive summary

This briefing is one of three briefings that provide an overview of past, current, and possible future trends in poverty and social exclusion in Wales. It should be read alongside the other two briefings in the series, on social exclusion in Wales, and the impact of the Coronavirus pandemic.

These briefings form 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 the Welsh Government. They are intended to inform and shape this wider project by providing insight into the scope and trajectory of poverty and social exclusion in Wales.

The findings in the three briefings draw 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 Joseph Rowntree Foundation.

Introduction

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

Whilst 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 in Wales remaining fairly consistent 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. Social exclusion remains a significant issue in Wales.

Adult skills, working age benefits, employment, quality of work and living costs are key determinants of working age poverty

Poverty trends

- The proportion of households living in income poverty fell from 27% in 1994-97 to around 23% from 2009-12 onwards.
- Despite this improvement, the poverty rate in Wales remains higher than in England, Scotland and Northern Ireland and has been the case for much of the past ten years.
- 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 ten 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 in Wales.

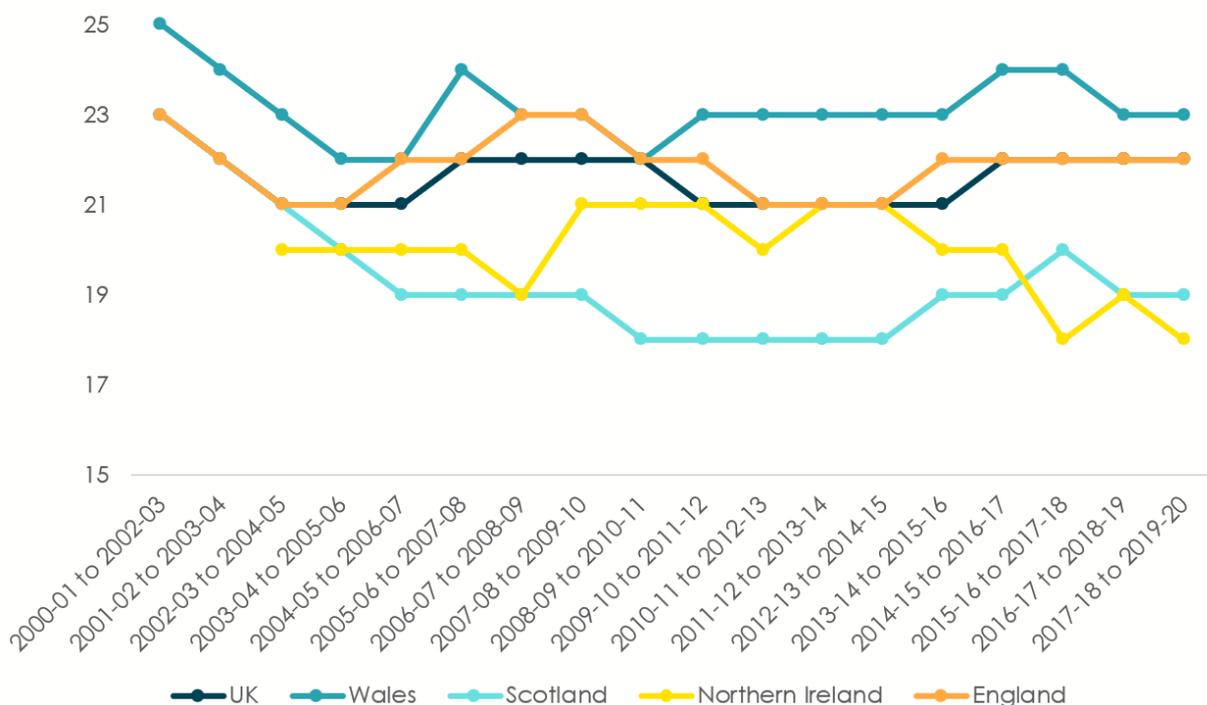
Who lives in poverty?

- 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 when 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.



Relative income poverty rates in UK countries, 2000-2020. Source: StatsWales

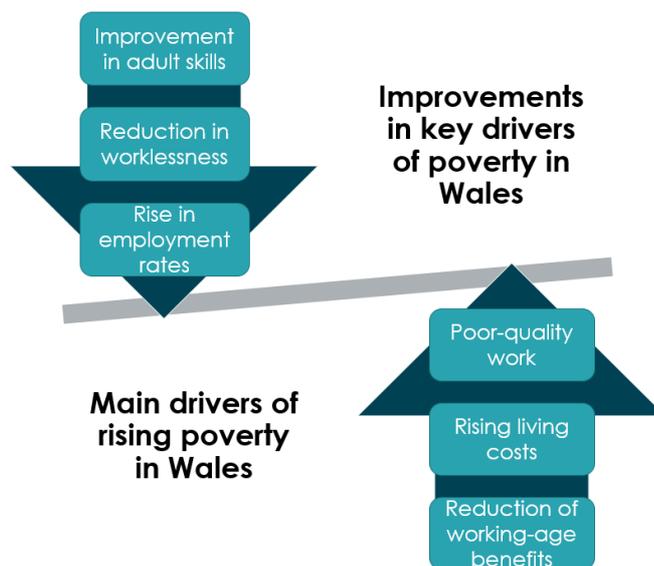
- Social tenants have the highest risk of poverty of all tenure holder types. The number of social tenants in in-work poverty in Wales has increased from 29% in 2012/15 to 39% in 2016/19.
- Lone parents have the highest risk of poverty of all family types in Wales. However, these families make up a relatively small proportion 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.

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. 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 have offset the gains made in other areas.



Poverty in Wales going forward

The Coronavirus pandemic is having a comparatively greater impact on those who are in poverty. The uncertain future of the pandemic and the impact of Brexit further complicate any attempts to predict the trajectory of poverty in Wales. However, it is likely that the pandemic will exacerbate poverty for those already affected in Wales and will push many people into poverty for the first time.

Please refer to the third briefing in the series, *The impact of Coronavirus on poverty and social exclusion in Wales*, for more information on the impact of Coronavirus on future trajectories of poverty (and social exclusion) in Wales.



Find out more

For the full report see Cartier, I. (2022). *Poverty and social exclusion in Wales*. Cardiff: WCPP.

About the Wales Centre for Public Policy

Here at the Centre, we collaborate with leading policy experts to provide ministers, the civil service and Welsh public services with high quality evidence and independent advice that helps them to improve policy decisions and outcomes.

Funded by the Economic and Social Research Council and Welsh Government, the Centre is

based at Cardiff University and a member of the UK's What Works Network.

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