



# **Response to the Welsh Government's Revised Child Poverty Strategy for Wales**

**January 2015**

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## About Citizens Advice Cymru

Citizens Advice is an independent charity covering England and Wales operating as Citizens Advice Cymru in Wales with offices in Cardiff and Rhyl. There are 20 member Citizen Advice Bureaux in Wales, all of whom are members of Citizens Advice Cymru, delivering services from over 375 locations.

The twin aims of the Citizens Advice service are:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

The advice provided by the Citizens Advice service is free, independent, confidential and impartial, and available to everyone regardless of race, gender, disability, sexual orientation, religion, age or nationality.

The majority of Citizens Advice services staff are trained volunteers. All advice staff, whether paid or volunteer, are trained in advice giving skills and have regular updates on topic-specific training and access to topic-based specialist support.

Local Bureaux, under the terms of membership of Citizens Advice provide core advice based on a certificate of quality standards on welfare benefits/tax credits, debt, housing, financial products and services, consumer issues, employment, health, immigration and asylum, legal issues, and relationships and family matters.

The Citizens Advice Service now has responsibilities for consumer representation in Wales as a result of the UK Government's changes to the consumer landscape<sup>1</sup>. From 1<sup>st</sup> April 2014 this includes statutory functions and responsibilities to represent post and energy consumers.

We welcome the opportunity to respond to this consultation and are happy for our response to be made public.

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<sup>1</sup> On 1<sup>st</sup> April 2013 responsibility for consumer representation was transferred from Consumer Focus to the Citizens Advice Service (including Citizens Advice Cymru) following the UK Government's review of the consumer landscape.

## Consultation Questions:

### 1. Do you agree with our proposal to maintain our ambition to eradicate child poverty by 2020?

Yes, with qualifying comments as below.

Comments:

Since the 2011 Child Poverty Strategy was published Citizens Advice bureaux across Wales have seen increasing numbers of clients struggling to maintain a minimum standard of living. This situation can largely be attributed to the economic downturn and a whole raft of welfare reforms, many of which have taken effect since April 2013.

Our own internal analysis has found almost 70 per cent of Citizens Advice clients with children in the household are living below the poverty line.

Against such a challenging situation Citizens Advice Cymru welcomes the Welsh Government's continued commitment to tackling child poverty in Wales.

We believe there is considerable value in maintaining a target to eradicate child poverty by 2020. We recognise that realistically this is unlikely to be achieved within the next five years but feel in such difficult financial times having an ambitious target is important in order to retain focus and direction across national and local government, as well as elsewhere. Without it there is a risk efforts to tackle child poverty may be minimised or lost, particularly against the backdrop of public spending cuts.

We do however believe that in recognition that the target is unlikely to be met there is a real need to start planning for what will happen beyond 2020 now. This should begin with a comprehensive review of progress to date across all sectors and key partners, not solely Welsh Government, to understand what's working well and what's not working so well, including identifying any barriers that may be hindering progress in the short term, particularly where the levers for change lie with Welsh Government. Such a review should then be accompanied by clear milestones and outcomes of what can and should be achieved by 2020, as well as helping to develop activity for the following years.

### 2. Do you agree with our proposal to continue with our existing three strategic objectives for tackling child poverty?

Yes, to an extent – see comments below.

Comments:

Citizens Advice Cymru broadly agrees that the Welsh Government should continue with the existing three strategic objectives for tackling child poverty to help maintain consistency and focus. However we believe not all of the objectives, as they currently stand, reflect the changing nature of poverty/child poverty in Wales, most notably the growing number of households in Wales where someone is working and still living in poverty. While the revised strategy does recognise this, with in-work poverty being one of the five priority areas, we believe this should be acknowledged more explicitly within the wording of the strategic objectives.

We also believe there should be an additional objective which focuses on the importance of increasing household income as a route out of poverty. We support the Welsh Government's proposals to encourage employers across all sectors to consider becoming Living Wage employers, however we believe, although important, employment is not the only way to boost household income. Other activity such as supporting people to claim all the benefits they are entitled to, can also make a significant difference. The 'Better Advice Better Lives' (BABL) project (referred to in the strategy), has been funded by Welsh Government and managed by Citizens Advice Cymru since January 2012 (having originated in 2001 as Better Advice Better Health). This project is an income maximisation programme aimed at reducing poverty and operates in every local authority area. Between April and September 2014 BABL advisers had helped almost 9,500 clients across Wales, with total benefit/financial gains identified through the project during that time being nearly £8.9 million.

Supporting families with disabled children to claim all the financial support they are entitled to is one of the key services provided through BABL, with bureaux working in partnership with, and taking referrals from, local authorities, social services, special schools and children's charities. The following case study shows what a huge impact work such as this can have on people's lives:

*Denbighshire CAB work closely with Integrated Children's Services in the county and recently had a referral for a young woman with two children who have a diagnosis of Autism Spectrum Disorder (ASD). The family were suffering financial hardship and were restricted in the activities available for the children.*

*The bureau helped the client to complete two DLA forms, both children were awarded the benefit and the client was also able to claim carer's allowance. The family income increased by £400.00 per week. The Family Fund also provided holiday vouchers for the first family holiday they were able to afford. They were also able to access disability sports facilities specifically designed for children with ASD.*

*As a result the family were raised above the poverty line and are now doing really well. Feedback from the family stated the service is "worth its weight in gold".*

We also believe other preventative measures, such as improving the financial capability of children, young people and their parents/carers should be a key component of a fourth 'income objective'.

Financial education is becoming an increasingly substantial part of the work of the Citizens Advice service. Much of this work has been through our Financial Skills for Life Programme which was established in 2002 in partnership with Prudential. This year (2014/15), 85 per cent of Citizens Advice bureaux in Wales (17 bureaux) are delivering financial capability services in their local communities. Citizens Advice Cymru also holds the prime-contract for the delivery of the face-to-face Money Advice Project in Wales, funded by the Money Advice Service.

The value of improving people's financial capability has been proven during independent evaluations of the initiatives run by bureaux. Over the last decade evaluations have shown how these programmes have consistently helped to improve people's confidence and skills in money management. A range of wider 'social benefits' were also identified such as lower levels of stress, ability to plan for employment, ability to maintain a tenancy or mortgage, increased confidence as a consumer and the ability to support friends and family. Investing in financial capability programmes also brings real financial returns, not only to individual households but also to the local economy with the multiplier effect of increased demand for goods and services<sup>2</sup>.

In addition while we recognise that the Tackling Poverty Action Plan (TPAP) is the main mechanism for delivering the strategic objectives proposed in the revised Strategy, we would suggest that further detail of how the two fit together should be incorporated into the main body of the strategy. Annex 1 provides a very useful and detailed summary. We would therefore suggest that such detail, particularly the flowchart, is included in the main document to help clarify the links between the two - which aren't always clear to those working outside of Welsh Government.

### **3. Are the policies and programmes underpinning our strategic objectives the right ones?**

Yes, with some qualifying comments below.

Comments:

The detail provided in both Annexes helps to show the vast range of Welsh Government policies and programmes which underpin the objectives within the Strategy. It also emphasises the breadth of responsibilities departments across Welsh Government have in tackling child poverty in Wales.

Citizens Advice Cymru believe there is some benefit in identifying key policies and programmes in this way but in doing so there is also a risk certain strategies/programmes may be omitted. It also doesn't allow for new strategies, initiatives or legislative developments to be included over the presumed three year period for the revised Strategy.

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<sup>2</sup> 'From small change to lasting change: Financial Skills for Life 2002-2012', Citizens Advice & Prudential (May 2012)

That said, we also believe the sheer number of strategies and programmes being implemented by the Welsh Government to tackle poverty in Wales can lead to added complexity and confusion, particularly amongst external organisations/agencies.

We would therefore recommend that the Welsh Government reviews their approach to policy development around the tackling poverty agenda to see, if possible, where existing strategies/programmes can be combined and any new initiatives can be incorporated into current programmes. Streamlining in this way would then aid co-ordination, awareness and understanding of on-going activity.

#### **4. Are you content with the collaborative approach we set out for tackling child poverty in Wales?**

Yes.

Comments:

Citizens Advice Cymru strongly supports the collaborative approach adopted by Welsh Government for tackling child poverty in Wales. The scale of the challenge, particularly in light of the current economic situation and the increasing impact of welfare reform means the need for a multi-agency approach has never been greater.

Effectively managing and co-ordinating how different agencies in Wales and key UK partners (eg. DWP) can work better together to help people living in poverty in Wales is fundamental and we believe the Welsh Government is well placed to provide the strategic direction needed.

Advice providers and other third sector organisations have a vital role to play. Advice and capability services achieve more than mitigation of the effects of poverty on individuals and families. Timely, high-quality advice can also help people retain paid employment and fight discrimination, while (as mentioned in Q2) preventative measures such as income maximisation and financial capability-building services help people to, amongst other things, boost their income and acquire skills in budgeting and money management, in addition to providing wider economic and social benefits.

As the UK's largest advice charity Citizens Advice helped more than 134,000 people across Wales in 2013/14 and demand for our services is increasing. We estimate around 89,000 clients helped last year in Wales are living below the poverty line. We are also a key service delivery partner for a number of Welsh Government funded projects aimed at reducing poverty by helping people access the support they need, including Better Advice Better Lives, a Community First Shared Outcomes project (which provides community-based outreach services for particular types of advice including debt, welfare benefits and financial capability provision), as well as a joint initiative with Shelter Cymru to provide specialist debt, benefits and housing advice to help mitigate the impact of welfare reform. We welcome the Welsh Government's continued recognition of the importance of these services.

We do however feel there is a lack of detail within the Strategy with regards to the role of the private sector, both in terms of job creation and their role in tackling the 'poverty premium' - where people on lower incomes frequently pay more for many everyday goods and services, including financial products, energy and other utilities.

Citizens Advice has worked with the British Standards Institute to produce a standard (BS18477) to show companies how they can behave in a fair and inclusive way and make essential services accessible and suitable for all consumers. Further details can be found in our [Tackling consumer vulnerability](#) report (July 2014). We would urge the Welsh Government to support Citizens Advice's work in this area.

Citizens Advice Cymru strongly endorses the child-rights approach to tackling child poverty however as it currently stands we feel the revised Strategy lacks detail on how this is being put into practice. There is currently little reference to the rights of children and young people within the annual report for the TPAP. We welcome the commitment within the Strategy to involve the participation of children and young people in the development of policies and programmes to tackle child poverty and note that much of this work is planned via the five Children and Families Delivery Grants awarded in the summer of 2014. However we believe it would be useful to include more detail with regards to the nature of this activity in the Strategy.

We also welcome the commitment to develop an integrated approach to assessing impact where poverty and equality are considered together. Citizens Advice Cymru's report [One day at a time](#) (July 2014), which examines the cumulative impact of welfare reform on benefit claimants in Wales, highlights how people living with disabilities/long term health conditions have been disproportionately affected by the benefit changes to date. As a result of reduced incomes many are struggling to maintain a minimum standard of living and are frequently going without basic essentials including food, adequate heating in their home and clothes so that they can keep up with rent payments and afford other essential household bills. Parents are often sacrificing themselves to feed and try to maintain some sense of normality for their children.

In addition last year around one in four Citizens Advice clients in Wales seeking help following a sanction on their Jobseeker's Allowance (JSA) has dependent children (23 per cent) and a similar proportion (24 per cent) describe themselves as being disabled or having a long-term health condition.

We therefore think it is essential to carefully monitor the impact poverty, and factors contributing to poverty, are having on those with protected characteristics so that activity to mitigate the effects is effectively targeted. We welcome recognition of this within the Strategy, particularly with regards to mitigating the impact of welfare reform.

## **5. Do you agree with the proposals we have set out under next steps?**

Yes, with some qualifying comments below.

Comments:

Citizens Advice Cymru broadly support the five priority areas identified in the Strategy – food poverty; access to affordable childcare; in-work poverty; action to mitigate the impact of welfare reform; and housing and regeneration – as well as the proposed actions to tackle these issues. All of these are areas where people consistently seek help from bureaux.

We do however have a number of specific comments to make regarding some priority areas.

#### *Food poverty/action to mitigate the impact of welfare reform*

We acknowledge reference within the Strategy of the need for the Welsh Government to consider the impact welfare reform may have on eligibility for the receipt of their passported benefits, including Free School Meals (FSM). This will become increasingly important as universal credit (UC) is rolled out further across Wales over the coming months and more existing in and out of work benefits come into UC. Since September 2013 the Welsh Government has extended eligibility for FSM to children in families where a parent receives UC however we know this is due to be reviewed and may be subject to change as the new benefit is rolled out.

We are not aware of any recent update to this position and would welcome clarity on future eligibility for FSM within the revised Strategy, particularly as there is currently a mismatch between existing qualifying benefits and those that are due to be absorbed within UC, eg, working tax credit. We would urge the Welsh Government to continue to provide free school meals to all children in households receiving universal credit.

We would also like to take this opportunity to highlight an example of where organisations in Wales have been working innovatively to tackle the impact of welfare reform and people struggling to meet food costs. During the last year the Citizens Advice [Making welfare work locally](#) project has been ‘showcasing’ examples of good practice by local authorities and housing associations across England and Wales regarding work they are doing to help their residents/tenants manage current and future benefit changes. [Rhonnda Housing Association](#) were shortlisted as one of the more inventive examples of good practice for the work they’re doing with Fare Share Cymru to help tackle rent arrears. The project provides food boxes for a donation a fraction of their value and puts the money towards both the tenant’s rent arrears and sustaining the scheme.

Citizens Advice Cymru believe the Welsh Government also have a role in identifying and sharing good practice by local authorities and housing associations across Wales in their work to help people affected by recent and future benefit changes. This should also include taking steps to address poor practice if applicable.

#### *Childcare*

We agree that access to affordable childcare is critical to help people maintain or find employment or training and welcome the measures proposed to improve this within the Strategy.

The Citizens Advice report [Pop goes the payslip](#) (April 2014) revealed that under the original design of universal credit support for childcare costs would have decreased from a maximum of 95 per cent to just 70 per cent, meaning most low waged parents with young children wouldn't be better off in work. Following our campaign the UK Government has agreed to increase support for childcare costs under UC to 85 per cent. While this is very welcome we believe this is only the first step towards improving the design and delivery of UC. We are continuing to push for the subsidy for childcare costs to be increased to 90 per cent.

We also believe this priority area should be widened to encompass parenting and parental support, building on and extending the work of Flying Start and Families First. This would provide an opportunity to address the impact poverty can have on a person's ability to parent. It could include improving financial education opportunities for parents and carers, such as budgeting and money management skills, to support the work that is currently being taken forward in schools, as well as work to tackle health inequalities, including mental health.

#### *Rural poverty/in-work poverty*

Citizens Advice's experience is that people living in poverty experience the same type of problems regardless of where they live, notably low incomes, debt, unemployment, a lack of suitable housing, and paying more for many everyday goods and services (as referred to in question 4).

While rural Wales may be, on average, better off than the rest of Wales, there remains significant pockets of deprivation in many rural communities which are unable to access the funding support available through Welsh Government programmes aimed at improving help for low income families such as Communities First, Flying Start and the Lift programme. We intend to highlight a number of our concerns in this regard in our submission to the National Assembly for Wales (NAfW) Communities, Equality and Local Government Committee poverty inquiry – please also see comments at the end of this response.

The impact of living in poverty is also exacerbated in rural areas due to a range of factors including poor physical access to services, higher living costs, generally lower wages and greater levels of seasonal and part-time work. The latter two meaning that rural areas in particular have increasing levels of in-work poverty.

While the issue of rural poverty is identified within the Tackling Poverty Action Plan Annual Report 2014, we feel the revised Strategy is lacking specific detail on what policy interventions and programmes are being planned or implemented to help tackle child poverty in rural areas. We therefore believe rural poverty should either be identified as a separate priority area or action around in-work poverty should be incorporated into a broader category of rural poverty.

## *Housing and regeneration*

As referred to in the Strategy having access to good quality, affordable housing plays a critical role in supporting young people and low income families to achieve better outcomes. However the current economic climate combined with welfare changes is making it increasingly difficult for many people in Wales to meet their housing costs.

Over the last nine months Citizens Advice bureaux in Wales have helped over 3,400 clients who are struggling to pay their rent. Rent arrears now account for almost 5 per cent of all debt-related problems – making it the 6<sup>th</sup> biggest debt area. The vulnerability of many people's housing situation was also highlighted in Wales-wide research jointly commissioned by Citizens Advice Cymru and Shelter Cymru last July<sup>3</sup>. This research found almost six out of ten (57%) households with children who pay rent or a mortgage struggle with their payments, with 23 per cent struggling constantly. Perhaps more worryingly many households also appear to have no financial safety net. Over a quarter of those with children (26 per cent) currently in employment say that they would not be able to pay their rent or mortgage at all if they lost their job. It is vital that Welsh Government keeps this situation under review in order that the necessary support systems are in place as and when people need them.

The lack of affordable housing in Wales is referred to within the revised Strategy however much of the focus for action appears to centre on the role of social landlords with very little, if any, reference to the private rented sector (PRS).

There is a growing reliance on the PRS in Wales, with the number of people living in the sector doubling from 7 to 14 per cent over the past decade. We therefore welcomed the Welsh Government's steps to address this growth area of the housing market through the Housing (Wales) Act 2014 with mandatory registration, licensing and training for PRS landlords.

We consistently see double the amount of clients experiencing issues with their privately rented housing than clients living in the social housing sector, despite both now housing similar numbers of people in Wales<sup>4</sup>. For the past three years, PRS issues have represented nearly a third of all our clients housing issues, making it the biggest housing-related area for which people seek our help. Since April 2014 we have seen nearly 3,000 clients seeking assistance with their PRS issues, compared to around 1,700 from the social rental sector. The top 3 issues<sup>5</sup> PRS tenants sought help with were: repairs and maintenance; rent and other charges and tenancy deposit protection.

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<sup>3</sup> This survey was carried out online by YouGov Plc. Figures have been weighted and are representative of the adult population in Wales. Fieldwork was undertaken between 23 – 26 July 2014, with a total sample size of 1003 adults.

<sup>4</sup> [Stats Wales estimates](#) Local Authority and Registered Social Landlord housing stock for 2012-13 is 16% of the market. The Private Rented Sector is estimated at 14%.

<sup>5</sup> Excluding those without categorisation or classed as 'other'

We would therefore strongly welcome measures to ensure that PRS landlords are informed about and can access appropriate tenancy support solutions and are aware of the range of money and debt advice services available to their tenants, and themselves. We will call for this in our response to the current consultation on regulation of Part 1 of the Housing (Wales) Act 2014.

In a similar manner, the proposed Renting Homes Bill offers a welcomed move to help clarify relationships between landlords and tenants; promote understanding and ensure consistency of practice. We particularly applaud the principle and the indication made by Welsh Government officials that retaliatory eviction will begin to be addressed by the Bill. Citizens Advice Cymru believes it is vital that the Bill puts robust protection from retaliatory eviction into law to tackle issues of disrepair and maintenance, which are consistently in the top 2 issues we see from clients within the PRS. We think tackling retaliatory eviction will help to improve the standard of properties within the PRS market by ensuring landlords address issues of disrepair and by giving tenants a stronger, more confident voice to tackle problems in their homes.

The Strategy recognises the impact living in a cold, damp home can have on a child's life, frequently effecting both their physical and mental health, as well as their educational attainment, ability to socialise and general well-being. The evidence Citizens Advice Cymru gathered to assess the impact of recent benefit changes in Wales (highlighted in our 'One day at a time' report, mentioned previously), shows how many low-income families have cut back on fuel to lower their energy bills. This has included going without heating and hot water, heating only one room or only putting heating on when their children are at home.

In our recent evidence to the NAFW Environment and Sustainability Committee's investigation into fuel poverty energy efficiency schemes in Wales Citizens Advice Cymru expressed our concern about the ongoing use of 2008 *Living in Wales* data as the baseline for fuel poverty projections in Wales. We believe this risks giving an increasingly out of date picture of the situation and limits the Welsh Government's ability to respond to any emerging trends or effectively target energy efficiency programmes. We are continuing to call for a new household survey, similar to the Housing/House Condition Surveys undertaken in England and Scotland, to ensure more robust and accurate data for fuel poor households in Wales. This should also allow more effective identification and monitoring of households with children living in fuel poverty.

## **6. Do you agree with the indicators we propose to use to measure progress?**

Yes, with some qualifying comments below.

Comments:

Citizens Advice Cymru do not disagree with any of the proposed indicators listed within the Strategy. We do however feel there are some important indicators or measurements missing.

These mostly reflect areas where we believe there needs to be more emphasis within the Strategy, such as increasing household income (through income maximisation/financial education); rural poverty and improving the housing standards of low-income families, particularly those living in the PRS. These could include:

- a measurement of adequacy of household incomes to ensure a decent standard of living, similar to the Joseph Rowntree Foundation's Minimum Income Standard;
- a measurement of financial well-being for households with children, including the extent they feel more in control/better able to manage their finances;
- a breakdown of income/financial gains following advice intervention (where possible);
- a full analysis of rural poverty including the location and characteristics of the poorest households to improve understanding of child poverty in rural areas;
- an assessment of households with children who have been lifted out of fuel poverty by Welsh Government schemes such as Nest and Arbed.

We note that where data are available there is also an intention to disaggregate the proposed indicators by protected characteristics. We would strongly endorse such an approach and urge where possible that such data is collected.

**We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.**

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As referred to in our response to question 5, in our submission to the Communities, Equality and Local Government Committee's poverty inquiry Citizens Advice Cymru will highlight our growing concern with the way funding for many Welsh Government anti-poverty programmes/initiatives is distributed and our belief that people living in poverty in rural areas are particularly disadvantaged by the current approach.

This is largely due to the fact that key programmes, including Communities First, Flying Start, and the Lift Programme adopt an area-based approach, generally targeting small areas with the highest concentrations of multiple deprivation.

We recognise there are a number of advantages of area-based approaches to tackling poverty:-

- targeting specific areas with known high levels of deprivation means the chances of reaching people in greatest need is increased;
- people living in those areas are able to benefit from a wide range of activity and support;
- it helps raise awareness of local services to people who may be unaware of available help or reluctant to seek help.

However one of the main drawbacks of any anti-poverty initiative that is largely 'place-based' in that people in need living outside defined areas for action are likely to be excluded from such initiatives. In the case of Welsh Government schemes, this is particularly true for people living in rural areas with more dispersed populations.

We recognise equally however that adopting a purely 'people-based' approach to tackling poverty i.e. targeting particular groups of people, also risks just shifting the problem of reaching all those in need.

An OSCI report in 2012, which examined rural deprivation and the Welsh Index of Multiple Deprivation (WIMD), supports our view of the limitations of area based approaches<sup>6</sup>. The report noted that area-based measures are less appropriate to identify dispersed rural disadvantage and that while deprivation indices such as the WIMD may be appropriate as a proxy for 'need', more direct measures of client group needs, such as income, should be used wherever possible and that funding formulae should reflect this.

The report points out that nine rural local authorities in Wales account for 29 per cent of people in Wales receiving income or employment-related benefits, but only 13 per cent of areas in the most deprived quintile. It then goes on to show that if income and employment-related benefits indicators from the WIMD were used to allocate resources for a particular anti-poverty programme, rural local authorities would potentially receive twice the amount of funding they currently receive.

Citizens Advice Cymru believes that when allocating funds to tackle poverty area-based or people-based programmes should not be viewed as mutually exclusive.

As such the Welsh Government should review its overall approach to allocating resources for tackling poverty and look to adopt a combination of deprivation-based and socio-economic approaches to ensure all those in need of support are able to access help, with greater emphasis being placed on income-related factors.

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<sup>6</sup> Oxford Consultants for Social Inclusion (OCSI): Getting the measure of rural deprivation in Wales, commissioned by the Local Government Data Unit, Wales on behalf of the WLGA Rural Forum, May 2012, <http://www.oci.co.uk/news/wp-content/uploads/OCSI-GettingMeasureRuralDeprivationWales.pdf>