

A snapshot of poverty in Summer 2022

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FOUNDATION

July 2022



About the Bevan Foundation

The Bevan Foundation is Wales' most influential think tank. We develop lasting solutions to poverty and inequality.

Our vision is for Wales to be a nation where everyone has a decent standard of living, a healthy and fulfilled life, and a voice in the decisions that affect them.

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Acknowledgements

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1. Introduction and summary

The Bevan Foundation's *Snapshot of poverty* series has established itself as a vital tool for anyone who wants to understand how the pandemic and more recently the cost-of-living crisis are affecting Wales. This is the fourth report published as part of our series and is unquestionably the report that paints the most disturbing picture.

With rising costs dominating the headlines our latest *Snapshot* report has a slightly different focus to our previous reports. Instead of looking at what is happening to costs and incomes, our latest survey focuses on the impact of surging costs,¹ and sluggish income growth on households.² The findings are incredibly concerning.

1.1 Key findings

More than one in eight Welsh households (13 per cent) either sometimes or often struggle to afford everyday items. When this is combined with data from the Welsh Government's household estimates, it suggests that as many as 180,000 households struggle to afford items such as heating, food and toiletries.³ Low-income households, renters, disabled people, people on benefits and families with children are all being especially badly affected.

In total 45 per cent of Welsh households never have enough money for anything other than the basics. This is a significant deterioration from the position in May 2021 when the Bevan Foundation first asked households about their living standards. At the time 33 per cent of Welsh households never had enough money to buy anything beyond the essentials. With costs expected to continue to rise there are real reasons to be concerned that the situation could deteriorate further.

Other key findings include:

- **The majority of people are now cutting back on essential items** – 57 per cent cut back on heating, electricity and/or water, 51 per cent cut back on clothing for adults, 45 per cent cut back on transport costs and 39 per cent cut back on food for adults between January and July.
- **Children are going hungry** - the number of people in households with one or two children who are having to cut back on food for children has nearly double since our last Snapshot report in November 2021, with one in ten families with one child and one in five families with two children cutting back on food for children.
- **Household debt has remained static** – the number of people that are reporting that they are in arrears on a bill or that they have borrowed money has not increased significantly since November 2021. In total 14 per cent of people have

¹ ONS, *Consumer Price Inflation, UK: June 2022* (July 2022) available at - <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/june2022>

² ONS, *Average weekly earnings in Great Britain: July 2022*, (July 2022) available at - <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/july2022>

³ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2020 data

been in arrears on a bill for more than one month with 25 per cent borrowing money.

- **A third of people have no savings** – 22 per cent of people in Wales had no savings at the start of 2022, whilst 10 per cent spent all their savings on day-to-day items between January and July 2022. Only 31 per cent of people had savings in January 2022 and did not use them to cover day-to-day items.
- **More people are worried about losing their home** - 11 per cent of people are worried about the prospect of losing their home over the next three months. This rises to a quarter of private rental sector tenants and 17 per cent of social housing tenants.
- **The cost-of-living crisis is affecting people's health** – 43 per cent of people in Wales have seen their mental health deteriorate as a result of their financial position whilst 30 per cent have seen a deterioration in their physical health.
- **People are very pessimistic about their prospects over the next three months** – nearly two thirds (63 per cent) of people expect to have cut back on at least one essential over the next three months, up more than 20 percentage points from the position in November 2021.
- **More work to do to raise awareness of support** – many people are not aware of all the support they are entitled to from the UK, Welsh and local governments. This means that there are families struggling financially that are missing out on vital assistance that could make a difference.

1.2 About this briefing

All figures quoted in this briefing unless otherwise stated are from YouGov Plc. The total sample size was 1,112 adults. Fieldwork was undertaken between 4th and 7th July 2022. The survey was carried out online. The figures have been weighted (unless specified otherwise) and are representative of all Welsh adults (aged 16+).

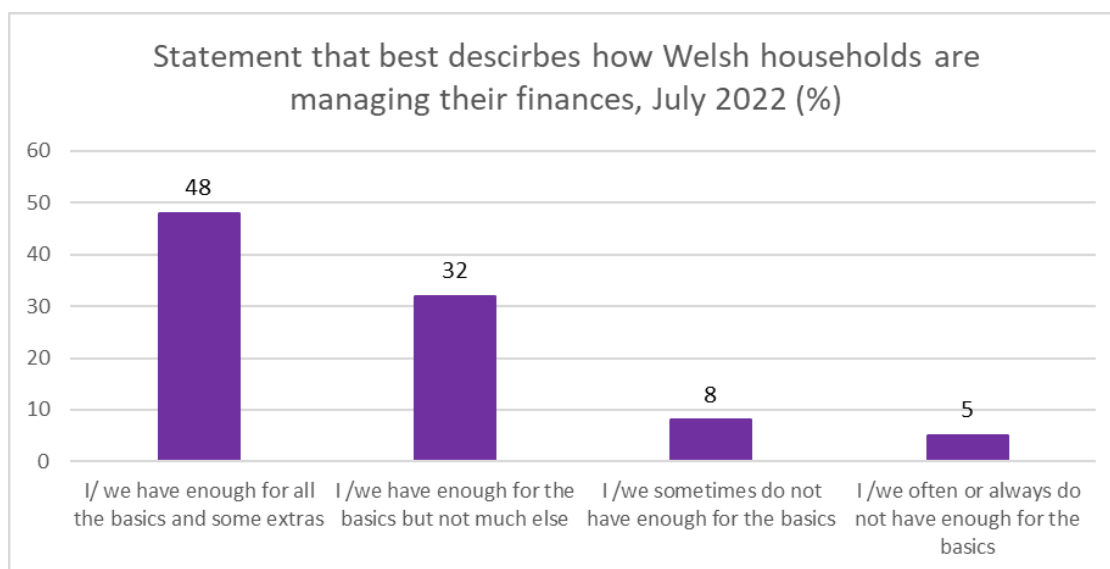
Short briefings are available on the impact of the pandemic on individual demographic groups. These briefings are available for free to Bevan Foundation subscribers on request.

2. Living Standards

2.1 Position in July 2022

More than one in eight Welsh households (13 per cent) either sometimes or often struggle to afford everyday items. When this is combined with data from the Welsh Government's household estimates, it suggests that as many as 180,000 households struggle to afford items such as heating, food and toiletries.⁴ A further 32 per cent of households have enough for all the basics but not much else meaning that, in total, 45 per cent of Welsh households struggle to afford anything beyond day-to-day items such as food, heating and toiletries.

This is a significant deterioration from the position in May 2021 when the Bevan Foundation first asked households about their living standards. At the time 33 per cent of Welsh households never had enough money to buy anything beyond the essentials. With costs expected to continue to rise, there are real reasons to be concerned that the situation could deteriorate further.

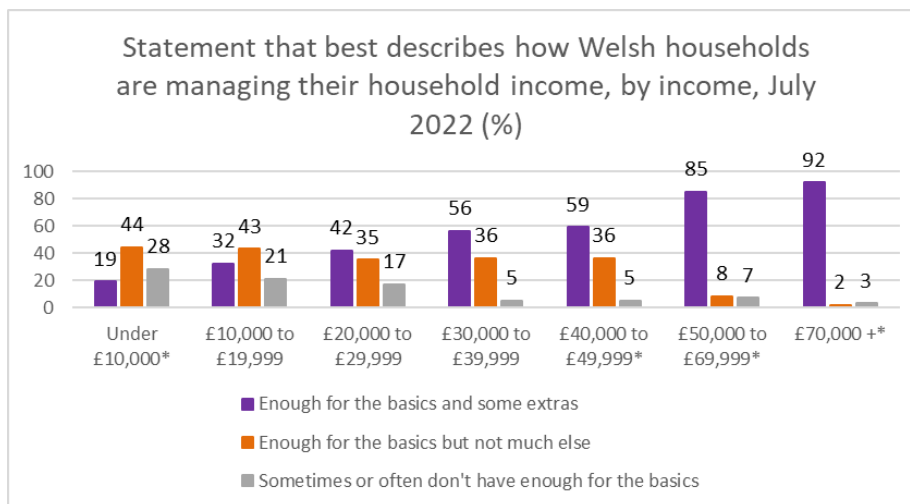


2.2 Different groups

There are important differences between the impact of the cost-of-living crisis on different groups across Wales.

Unsurprisingly, low-income households are far more likely to report finding it difficult to cover the cost of everyday essentials than higher income households. The majority of households with an income of over £30,000 report having enough money to cover everyday costs and extras. By contrast, more than one in five households with an income of less than £20,000 either sometimes or often struggle to afford everyday items.

⁴ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2020 data

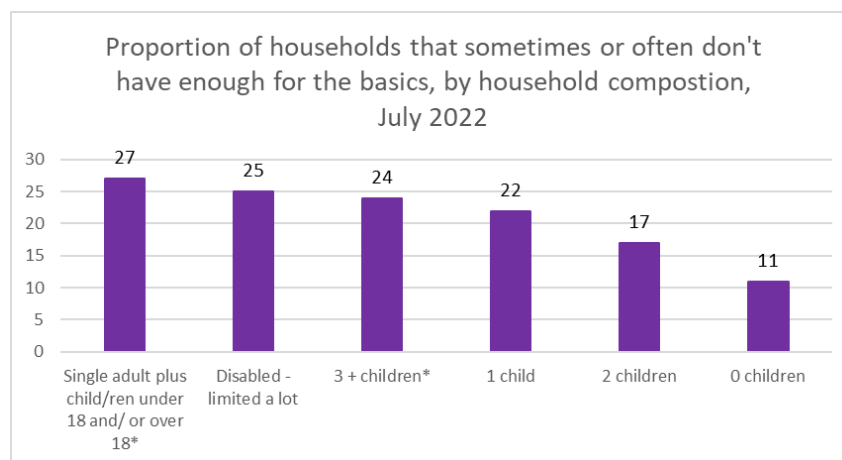


*Sample size of less than 100

Households in receipt of benefits are most likely to report that they either sometimes or always struggle to afford everyday items. A staggering 38 per cent of households that are in receipt of Universal Credit and 35 per cent of households that are in receipt of Housing Benefit report that they either sometimes, or often struggle to afford everyday items.

Renters are also at a significantly heightened risk of struggling to cover the cost of everyday items. Social renters (35 per cent) and private renters (21 per cent) are far more likely to report that they sometimes or often struggle to afford to afford the basics compared to people who own their home with a mortgage (10 per cent) or who own their home outright (4 per cent).

Household composition also has an impact. Over a quarter of single adult household with children report that they either sometimes or often struggle to afford day-to-day items (27 per cent),⁵ with the same being true for 25 per cent of disabled people whose condition limits them "a lot". Households with children and working age households are other groups that have a heightened risk of finding it difficult to cover essential costs, with the over-65s being the only age group where a majority report that they have enough money to cover the basics and some extras (61 per cent).



*Sample size of less than 100

⁵ This includes households where there are children over the age of 18 living with a lone parent.

3. Cutting back

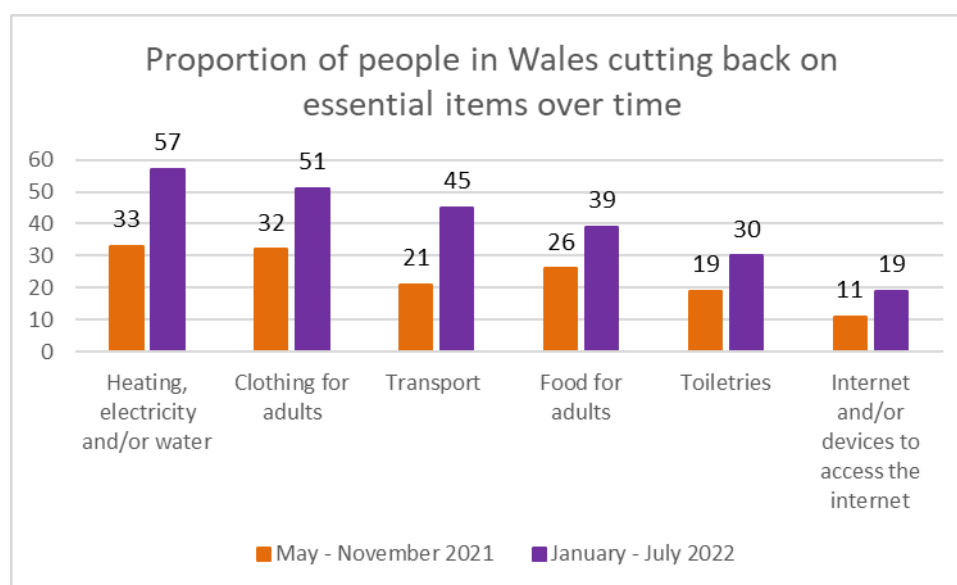
3.1 Position in July 2022

With so many households struggling to afford the essentials, let alone any items beyond that, it is not surprising that very high numbers of people in Wales are reporting having to cut back their spending.

Between January and July 2022:

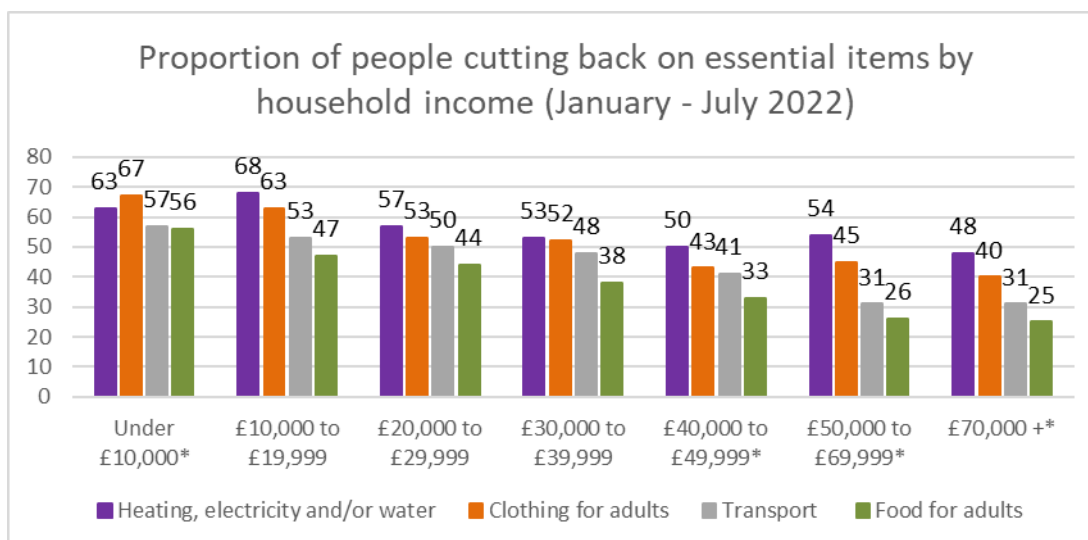
- 57 per cent of people in Wales cut back on heating, electricity and/ or water
- 51 per cent of people in Wales cut back on clothing for adults
- 45 per cent of people in Wales cut back on transport costs
- 39 per cent of people in Wales cut back on food for adults
- 30 per cent of people in Wales cut back on toiletries
- 19 per cent of people in Wales cut back on the internet and/or devices to access the internet.

These figures represent a significant deterioration from the position in November 2021 when the Bevan Foundation produced its last *Snapshot of poverty* report. The proportion of people cutting back on food for adults has increased by 13 percentage points, whilst the proportion of people cutting back on heating, electricity and/ or water has increased by a staggering 24 percentage points.



3.2 Different groups

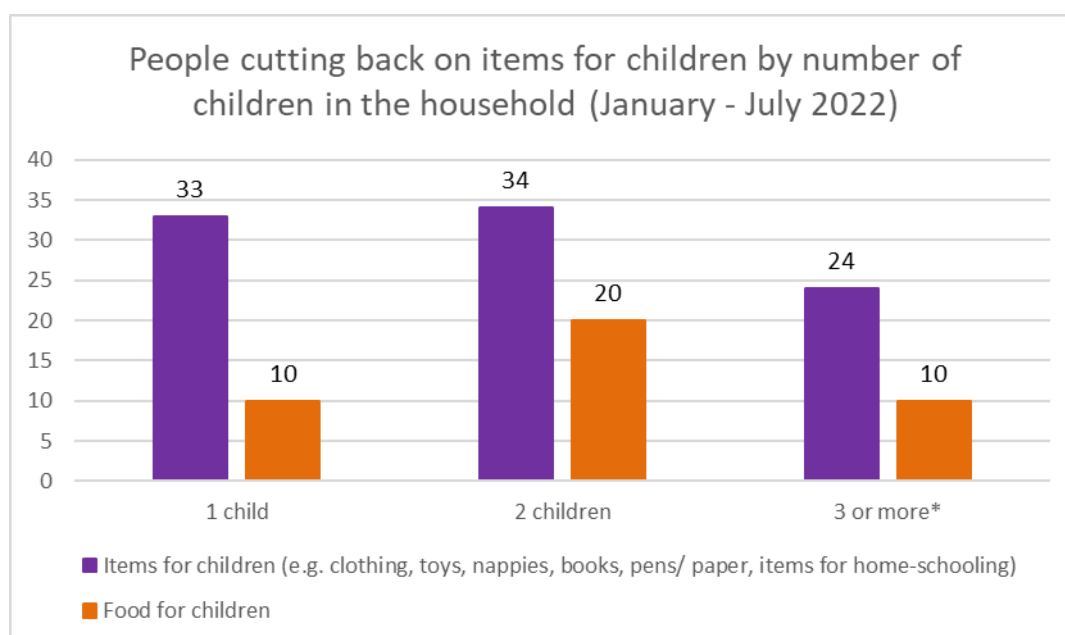
There is a strong relationship between the groups that struggle to afford the cost of everyday items and the groups that have been most likely to report cutting back on everyday essentials over the past six months. The impact of household income on people's experiences is especially stark.



*Sample size of less than 100

What is especially concerning about the latest data is just how far up the income spectrum people are feeling the squeeze. More than half of people in households with an income of less than £70,000 report that they had to cut back on their heating, electricity and or water between January and July 2022. Between May and November 2021, the same was only true for households with an income of less than £20,000.

Of equal concern is the growing impact of the cost-of-living crisis on children. The proportion of people living in households with one or two children who are having to cut back on food for children has nearly doubled since our last *Snapshot* report in November 2021. Given the significant body of evidence that demonstrates the impact of poor nutrition in childhood on a child's long term health prospects the fact that one in five people in households with two children are cutting back on food for children is especially concerning.



*Sample size of less than 100

4. Debt

4.1 Position in July 2022

There has been no significant increase in the number of people reporting that they are in debt between November 2021 and July 2022. This is surprising given the dramatic increases in the proportion of people that are reporting cutting back on essential items over the same period.

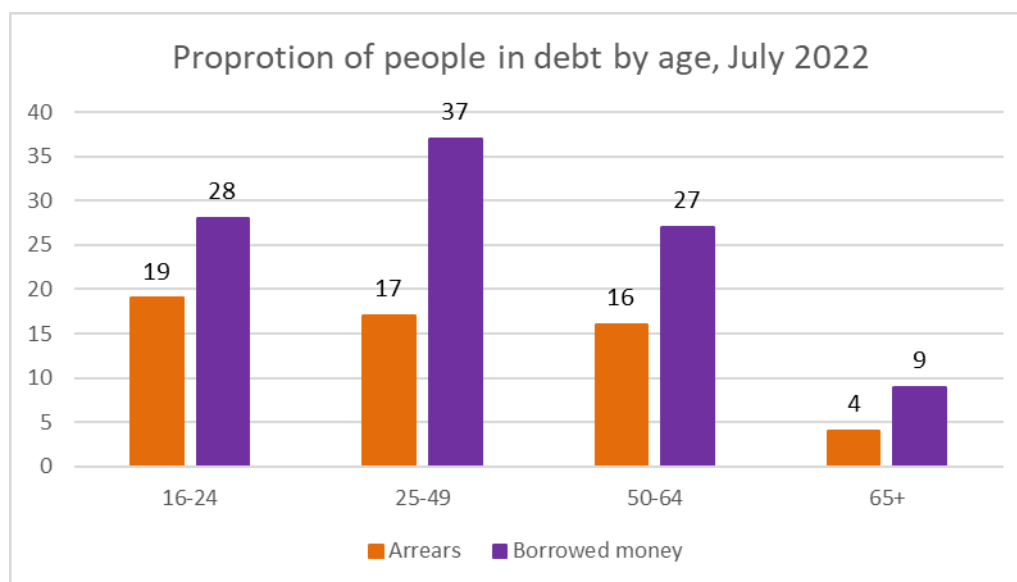
The latest results show that 14 per cent of people in Wales had been in arrears on a bill for more than one month in July. This was only up two percentage points on the position in November 2021, within the margin of error. The proportion of people that have borrowed money, on the other hand, remains unchanged at 25 per cent.

Whilst the data does suggest that there has not been a significant deterioration as to the position on personal debt in Wales since November 2021, it is vital that this does not breed complacency.

4.2 Different groups

Disabled people and renters are among the groups that have been most likely to be in debt in recent months. Age is another factor that has a significant impact on the likelihood of people being in debt.

Older people are significantly less likely to be in debt than working age people. Over 65-year-olds are four times less likely to be in arrears for more than one month than working age people and are three times less likely to have borrowed money.

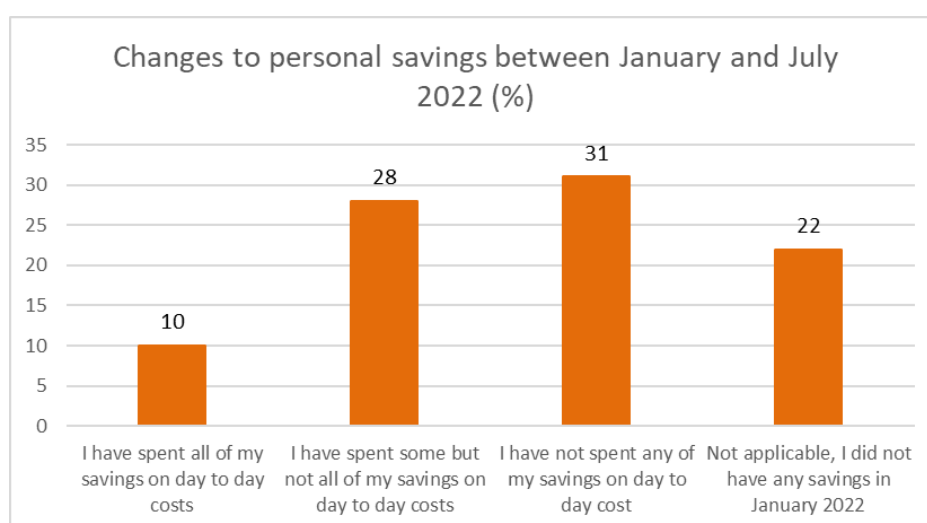


5. Savings

5.1 Position in July 2022

For the first time in our *Snapshot* series, the July survey examined the impact of rising living costs on people's savings. There are some concerning findings.

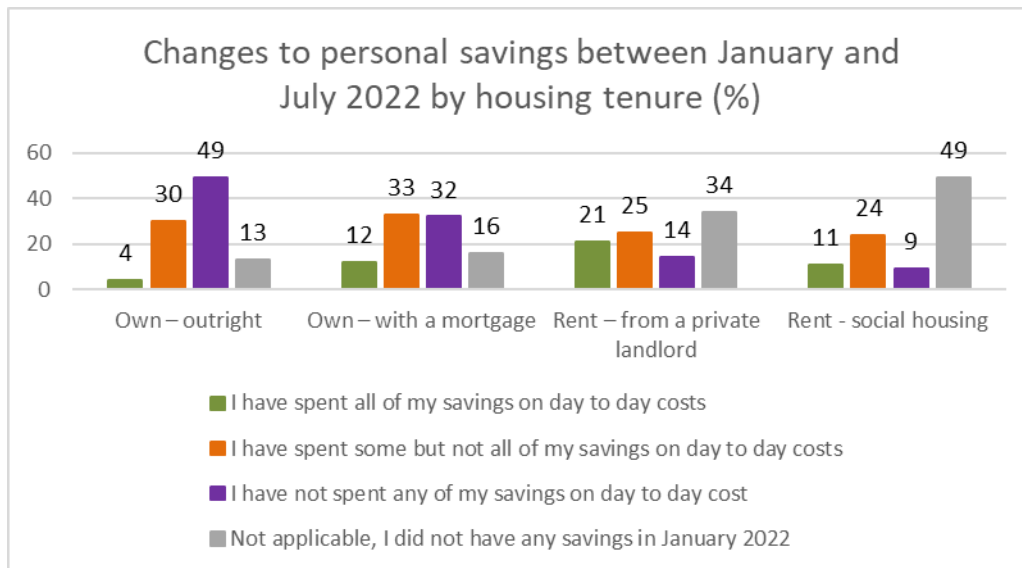
Nearly a quarter of people in Wales (22 per cent) had no savings at all heading into January 2022. By July 2022 the number of people that had no savings had climbed to 32 per cent, with 10 per cent of people reporting that they had spent all their savings on day-to-day items between January and July 2022. This means that a third of people in Wales will be heading into the coming winter with no money they can draw down to cover any further increases in living costs. This is roughly equivalent to the proportion of people that had savings coming into 2022 and who have not had to dip into them to cover day to day costs (31 per cent).



5.2 Different groups

People in low-income households, disabled households and people on benefits are among the groups that are least likely to have any savings as of July 2022. One of the groups that has seen their savings most adversely affected over the past six months are private rental sector tenants.

Between January and July 2022, 21 per cent of private rental sector tenants spent all their savings on day-to-day costs. This brings the proportion of private rental sector tenants who have no savings to 55 per cent. A further 25 per cent of private renters drew down some of their savings to cover their day-to-day costs meaning that just 14 per cent of private rental sector tenants saw no reduction in their savings over the past six months. Such widespread reduction in savings is likely to make it more difficult for tenants to manage rising costs this winter.



6. Housing

6.1 Position in July 2022

There are signs of growing concerns among people in Wales about what the next few months will mean for their housing situation. Whilst there has been no significant change in the number of people reporting that they have been issued with an eviction notice/ repossession order, there has been a modest rise in the number of people that are worried that they may lose their home over the next three months. In total, 11 per cent of Welsh people are worried about the prospect of losing their home over the next three months, up from 7 per cent in November 2021.

6.2 Different groups

The rise in the proportion of people that are worried about losing their homes has largely been driven by a surge in the proportion of renters that are worried about losing their homes, in particular in the private rental sector.

A quarter of private rental sector tenants in Wales are now worried about the prospect of losing their home over the next three months, an increase of 9 percentage points since November 2021. Over the same period the proportion of social renters that are worried about losing their home has also increased to 17 per cent, up from 10 per cent in November 2021.

The rise in tenants reporting that they are more worried about losing their home does not coincide with a rise in private rental sector tenants reporting that they have fallen into arrears on their rent, or a rise in the proportion of private rental sector tenants that are worried about falling into arrears on their rent over the next three months (the proportion of social housing tenants worried about falling behind on their rent has increased). This suggests that there are likely to be other factors behind the increased sense of concern felt by private sector tenants.

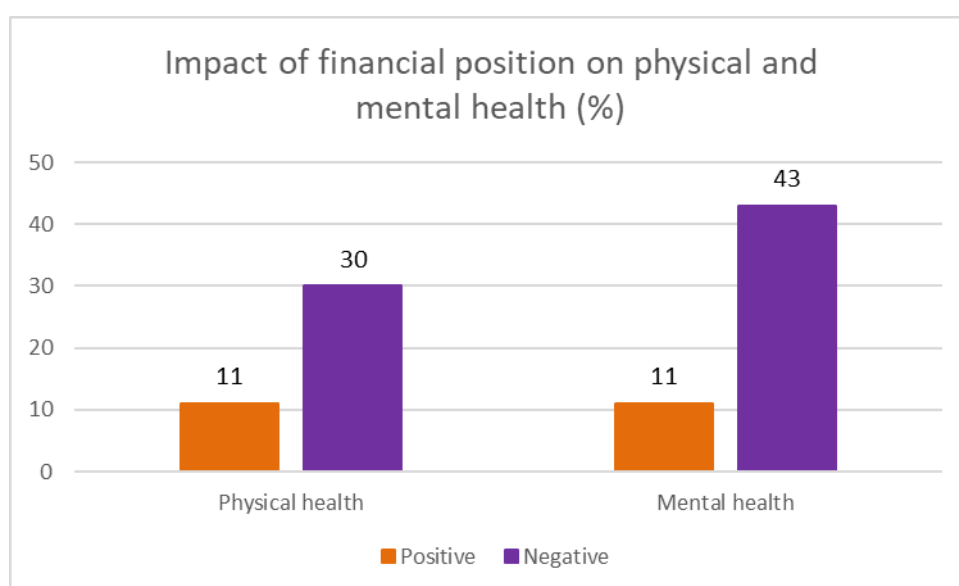


7. Health

7.1 Position in July 2022

A second set of new questions added to this *Snapshot* report relates to the impact of the cost-of-living crisis on people's health. The relationship between poverty and ill health has been well established but with more people than ever feeling the squeeze, we wanted to get an insight into how people's health is being affected.

Respondents to the survey were asked what impact, if any, their current financial position had on both their physical and mental health. More than four in ten Welsh adults (43 per cent) reported that their current financial position had had a negative impact on their mental health, with 30 per cent reporting that their current financial position had had a negative impact on their physical health.

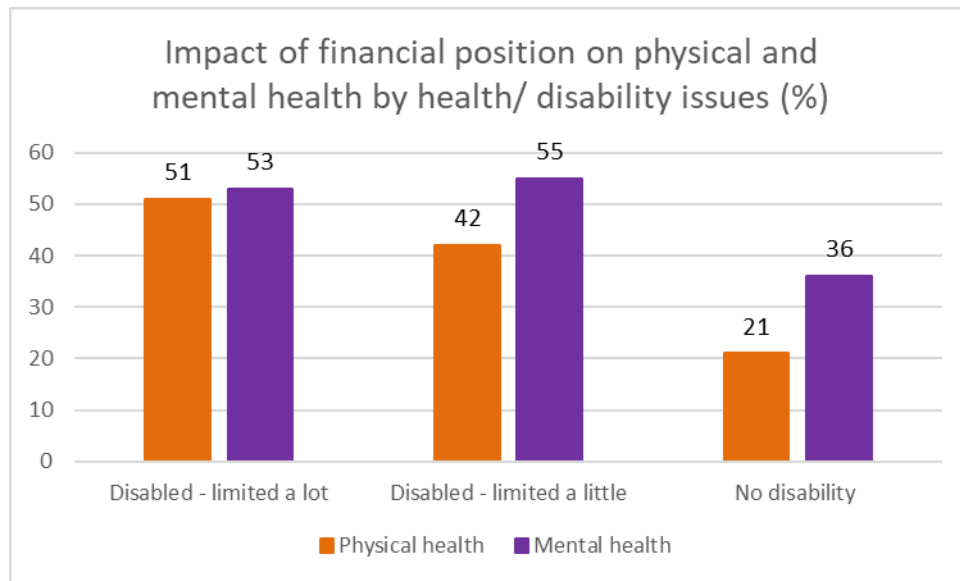


7.2 Different groups

A broad cross-section of people in all groups across society report that their physical health and mental health had been negatively affected by their financial position. There are some important variations that point to some groups being more significantly affected than others.

Gender influences the impact of a household's financial position on mental health. Nearly half of all women (48 per cent) report that their financial position has had a negative impact on their mental health compared to 39 per cent of men.

Disability is another factor that has an impact on people's physical and mental health. Disabled people were significantly more likely to report that their physical health had been negatively affected by their financial position than people who are not disabled. More than half (51 per cent) of disabled people whose daily activity is limited "a lot" reported that their physical health had deteriorated due to their financial position, with a very high proportion of disabled people also reporting that their financial position has had a very negative impact on their mental health.

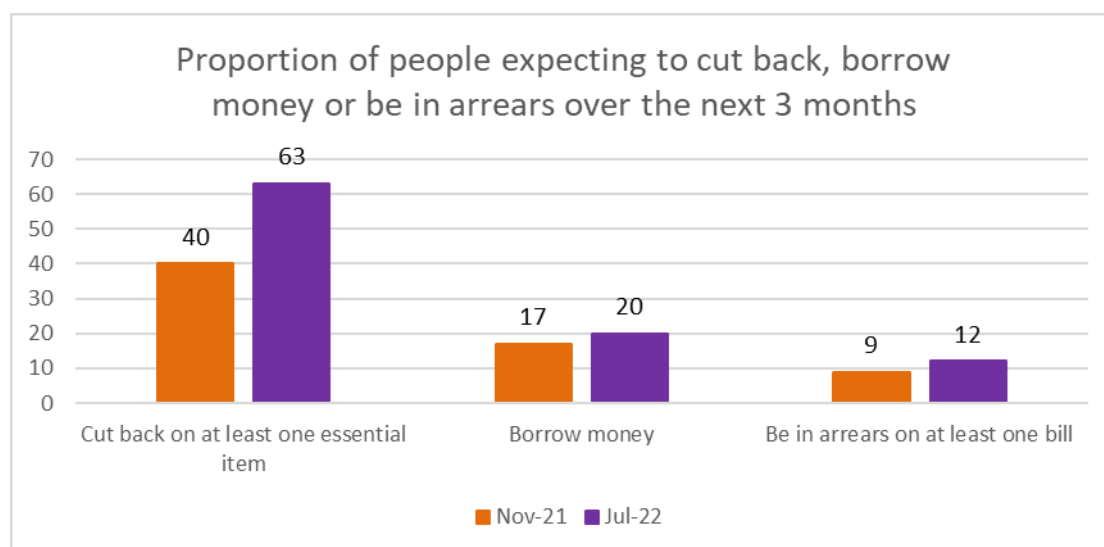


Renters, people living in low-income households, self-employed workers and parents of children under 18 are among the other groups that report that their current financial position has had a significantly more negative impact on their physical and mental health than the national average.

8. The next three months

8.1 The position in July 2022

People in Wales are very pessimistic about their prospects over the next three months. Nearly two thirds (63 per cent) expect to have to cut back on at least one essential over the next three months, up more than 20 percentage points from the position in November 2021. However, there has been no significant increase in the proportion of people reporting that they are likely to fall behind on a bill (12 per cent) nor in the proportion of people reporting they are likely to borrow money (20 per cent).

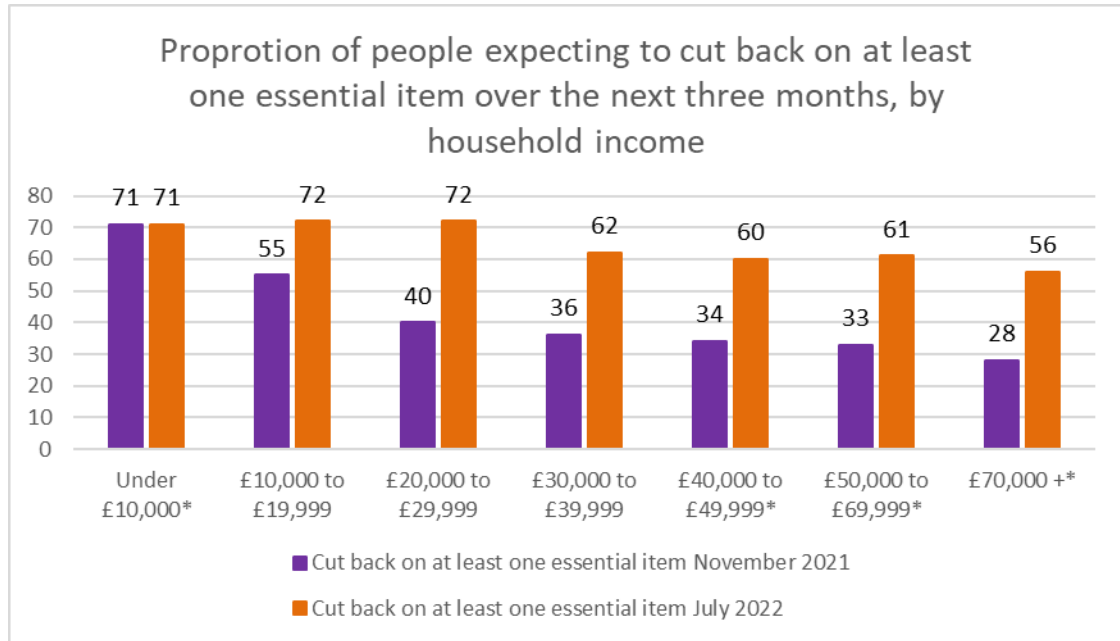


Some items feature especially prominently when looking at what people are expecting to cut back on over the next three months:

- 49 per cent expect to cut back on heating, electricity and/ or water
- 38 per cent expect to cut back on clothes for adults
- 36 per cent expect to cut back on transport
- 32 per cent expect to cut back on food for adults.

8.2 Different groups

A majority of people in all income groups in Wales expect to have to cut back on at least one essential item over the next three months. This is a significant deterioration from the position in November 2021 when this was only the case for people in households with an income of less than £20,000. Despite this, people in low-income households are still the most likely to expect to have to cut back on their day-to-day spending over the next three months.



*Sample size of less than 100

9. Support for households

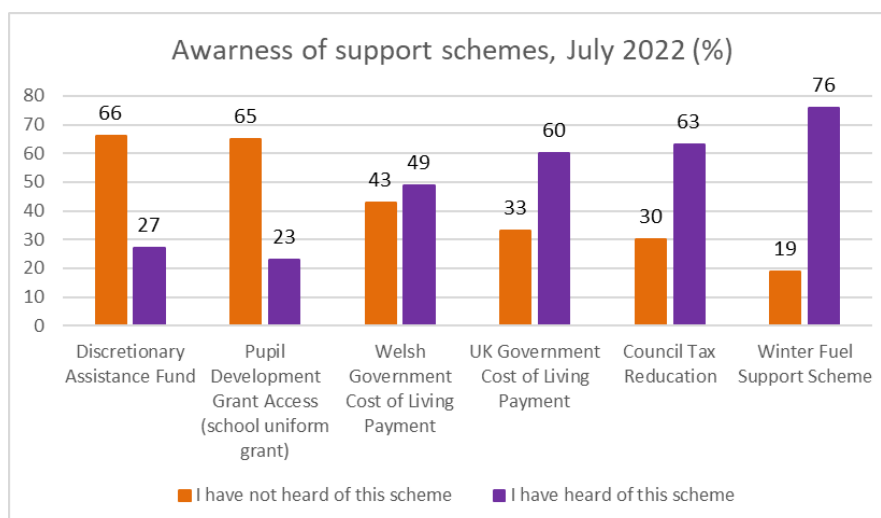
9.1 The position in July 2022

The UK, Welsh and local governments have put in place a number of schemes to support households through the cost-of-living crisis and to top up the support provided through the social security system more generally. Low take-up of these schemes has long been a concern, with thousands of households missing out on support that could make a real difference. We have therefore added a new set of questions to our *Snapshot* survey to measure just how aware people are of the support that is available for them, and to see whether people are claiming the support they are entitled to.

9.2 Awareness of support schemes

The first question was designed to test people's awareness of six different support schemes (see the annex for details of the schemes). Respondents were provided with an opportunity to state whether they had heard of a support scheme previously and how much they knew about the given scheme. To ensure that people weren't guessing we added a seventh, fictitious scheme as to act as a decoy option for responses. In total, 14 per cent of respondents claimed that they were aware of our fictitious scheme, the Welsh Family Grant.

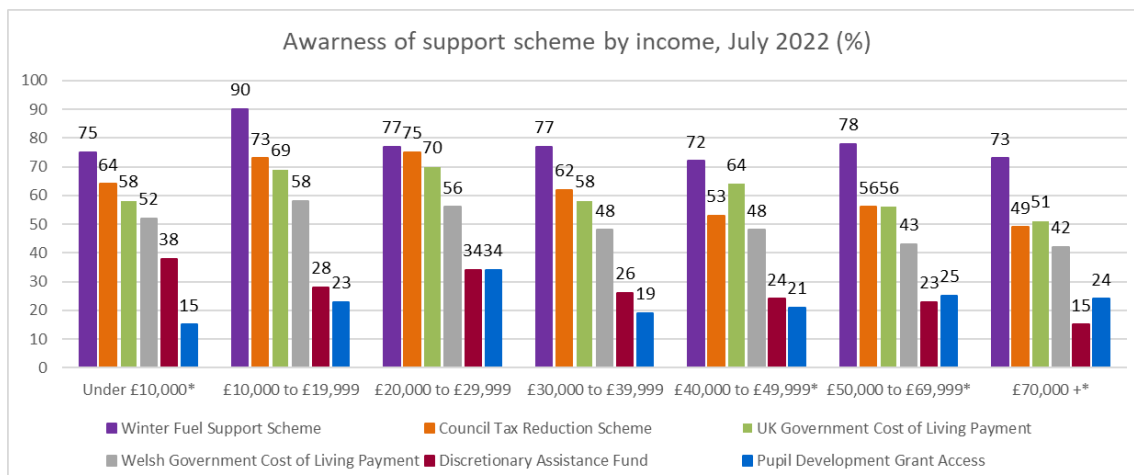
A mixed picture emerges when looking at people's awareness of the various support schemes. Only 23 per cent of people are aware of the Pupil Development Grant (Access), (just 9 percentage points higher than our decoy scheme), compared to 76 per cent of people that claim to be aware of the Winter Fuel Support Scheme.



Even for those schemes that appear to have a good level of public recognition, the picture is less positive when unpicking people's level of awareness. Whilst 76 per cent of people claim to be aware of the Winter Fuel Support Scheme, 43 per cent report that whilst they have heard of it, they don't know much about it, with only 11 per cent stating that they know it well. Similar trends are present when looking at all the other schemes.

One potential explanation for the relatively low levels of public awareness of these schemes is that many are means tested, which mean that many middle to high income households would not be entitled to support through them and might, therefore, be less aware of them. This is partly reflected in the data on awareness by income group, with

people in lower-income households being more aware of the support that is on offer than people in higher-income households. Even among lower-income households, however, there is significant room to improve awareness of each scheme.

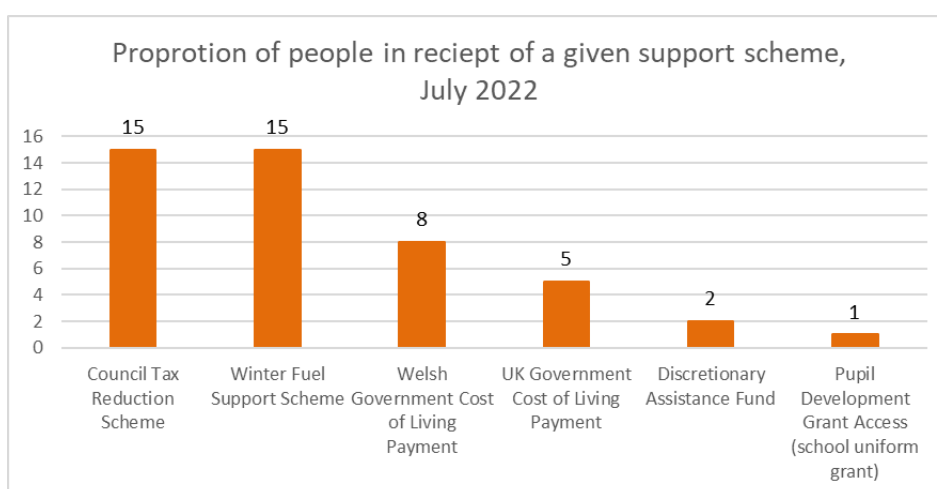


*Sample size of less than 100

A similar picture emerges when looking at awareness of the Pupil Development Grant (Access) when breaking down whether there are children in the household. In total 73 per cent of people in lone parent households with children under 18⁶ and 39 per cent of people couple households with children under 18 were aware of the Pupil Development Grant (Access), compared with 23 per cent of the broader population.

9.3 In receipt of support

The proportion of people that report that they are in receipt of the various support schemes varies significantly. In total 15 per cent of people reported that they were in receipt of the Council Tax Reduction Scheme and the Winter Fuel Support Scheme compared with just one per cent who claimed to be receipt of the Pupil Development Grant (Access).⁷



⁶ This is based on a small sample size.

⁷ The proportion of households reporting that they are in receipt of PDG Access rises to 20 per cent for lone parent households with children under 18 and 11 per cent for couple households with children under 18.

These findings suggest that there is significant confusion among households as to what support they are actually receiving. In May 2022 the Welsh Government announced that 330,000 households had received money through its Cost-of-Living payment, approximately 24 per cent of all Welsh households.⁸ Despite this only eight per cent of people reported being in receipt of this payment in July.

There are a number of factors that may explain why a significantly smaller proportion of people reported receiving support via the Cost-of-Living payment than have actually received support through the scheme. It is crucial that the Welsh Government takes action to explore these to ensure that households that are entitled to support through multiple schemes receive all the support they are entitled to.

⁸ Welsh Government, *£150 cost of living payments arrive with more than 330,000 households* (12 May 2022) available at - <https://gov.wales/150-cost-living-payments-arrive-more-330000-households>

10. Conclusion

This report has laid bare the scale of the challenge facing Welsh families this summer. With costs expected to continue to rise through the autumn the situation is likely to worsen further. Now must be the time for action.

The UK, Welsh and local governments have already taken measures that have and will continue to make a difference to families all over Wales. As this report has shown, however, the support on offer is already not enough to ensure that everyone is able to put food on the table and heat their home, let alone when costs rise further. It is therefore imperative that UK, Welsh and local governments take measures to both boost incomes and reduce living costs.

Any extra steps taken to support families through the cost-of-living crisis should be targeted at the least well off. Whilst it is clear that people across the income spectrum are feeling the effects of rising living costs, it is those on the lowest incomes that are most likely to go without essential items. No one in Wales should be left without heating, food or shelter this winter. It is vital that support is therefore targeted at the groups that are most likely to be left in this position.

In addition to increasing the amount of support that is on offer to people in Wales this autumn, measures must be taken to ensure that it is delivered more effectively, with support reaching the people that need it. As this report has highlighted, there is clearly a degree of confusion among Welsh families as to what support they are entitled to. Despite this, thousands of people have already benefited from the extra investment made by the Welsh Government to support families through the cost-of-living crisis. Taking action to ensure more effective delivery would increase the number of people benefitting from this support, protecting people from the worst effects of surging costs.

It is not just government that should be taking action to support people through the cost-of-living crisis. There is a role for private businesses to do more. From ensuring that all staff are adequately paid, to minimising price hikes, to supporting charities, there are a range of actions that private businesses can take to support both their staff and customers through the coming months. If we are to protect everyone through the coming months then it imperative that everyone plays their part.

Annex – Support for households

Section 9 of this report explored what support is available for households through the cost-of-living crisis and to top up the support provided through the social security system more generally. This annex provides an overview of the six schemes covered in this report and provides more information as to where they can be accessed.

Council Tax Reduction Scheme

What is it? – A scheme that provides low-income households, living in Wales with support towards some or all of their Council Tax bill.

How to get it? – The scheme is administered by local authorities in Wales. People should apply via their local authority.

Discretionary Assistance Fund

What is it? – Emergency cash and in-kind support to people on low incomes.

How to get it? – The scheme is administered by the Welsh Government. People can apply via the Welsh Government website or by having an advice agency (e.g. local Citizens Advice Bureau) apply on their behalf.

Pupil Development Grant (Access)

What is it? – A cash grant of £125 for children from low-income families (£200 for children in year 7) that are in primary school (reception to year 6) and secondary school (year 7 to 11) to cover the cost of school uniform and extracurricular activities.

How to get it? – The scheme is administered by local authorities. People should apply via their local authority.

UK Government Cost of Living Payment

What is it? – A cash grant to low-income families to provide additional support with rising fuel bills.

How to get it? – The payment will automatically be made into claimants' bank account by the Department for Work and Pensions if they are eligible for support.

Welsh Government Cost of Living Payment

What is it? – A payment of £150 to households living in properties that are in Council Tax bands A to D or that are in receipt of the Council Tax Reduction Scheme.

How to get it? – The scheme is being administered by local authorities who are currently in the process of arranging payments to households.

Winter Fuel Support Scheme

What is it? – A cash grant to low-income households to help with rising fuel costs.

How to get it? – The scheme ran up to February 2022 and will reopen in autumn. It is administered by local authorities – claimants need to contact their local authority to apply.