

MEW 06

Gwneud i'r economi weithio i'r rheini sydd ag incwm isel

Making the economy work for people on low incomes

Ymateb gan: The Trussell Trust

Response from: The Trussell Trust

Background:

1. The Trussell Trust welcomes this inquiry and the opportunity to submit evidence. We are an anti-poverty charity that runs a network of 37 foodbanks in Wales, distributing emergency food aid and providing our 'More than Food' programme through many of our 110 distribution centres. Foodbanks provide a minimum of three days' worth of nutritionally-balanced emergency food and support to people in crisis.
2. The Trussell Trust in Wales is represented by the Director of Devolved Nations, Tony Graham, who also has 2 part time members of staff working for him based in North & South Wales.
3. The Committee will be aware that The Trussell Trust operates the largest network of foodbanks in the UK and across Wales. Between April 2016 and March 2017 we provided emergency food aid to 96,259 individuals¹ across Wales (of which 35,145 were children 16 and under). This represents an increase of 11.5% since 2015/16.
4. The Trussell Trust provides the only Wales-wide data on foodbank use. Trussell Trust foodbanks operate a voucher system. Put simply, every client is given a voucher by the referral agency. This includes data such as the number of adults and children in need of emergency food, as well as the main reason for the referral e.g. benefit delay, changes to benefits, sanctions or low income. Each foodbank inputs this data into an online data collection system. The Trussell Trust is therefore able to generate nationwide statistics.

Submission:

5. The evidence for this submission was generated by analysing data that is routinely collated from Welsh foodbanks. To ensure we are presenting the recent experience of foodbanks in our Network we have also gathered fresh data from a sample of over 40% of the Trussell Trust Foodbanks in Wales. At the end of the submission, we have proposed solutions that could be implemented by Government.

Key findings:

6. In 2016/17, low income comprised 27% of all referrals to Trussell Trust foodbanks in Wales².
7. Of this group, over a third had some form of employment and two thirds also had some form of welfare benefit payments to supplement their low pay.
8. 47% of survey respondents reported seeing 'many people' experiencing a financial crisis because of insecure work (e.g. seasonal work/zero hours contracts). 40% of respondents felt that things were getting worse with regards to insecure work in their area and a further 53% did not see the situation improving.

¹ [Note: our figures are a measure of volume and need, not unique individuals helped. Our figures are the most complete and authoritative picture of emergency food provision across the UK, but do not account for clients helped by independent foodbanks]

² 'Low income' may include people who rely solely on paid employment, people who are in paid employment and also in receipt of welfare benefits and people who may just be in receipt of welfare benefits.

9. 87% of respondents supported people who have been unable to find suitable, secure work as a result of disability or ill-health.
10. The biggest barrier into work faced by people served by foodbanks was a lack of opportunity/jobs in the area.

Proportion of people on low incomes in Wales:

11. On average, 25% of people served by foodbanks, in 2015-16 were on a 'low income'. This rose to 27% in 2016-17. Four years ago this figure (low income) stood at 18%.
12. The proportion of people in this category ranged from 18% at one foodbank to figures in excess of 50% at other foodbanks. These figures reflect the primary reason for referral but it is likely that they underestimate the real picture. For example, they may not capture people for whom low-income is the underlying cause of their financial crisis and they may also not include people who have no income at all.

The role that welfare benefits play in supporting people on low incomes in Wales:

13. On average, 65% of the people referred due to low income had incomes entirely made up of welfare benefits
14. On average, over a third of the people who are referred to foodbanks as a result of low income, have some form of employment. Two thirds of this group also have some form of welfare benefit support to supplement their low pay but they were still experiencing a financial crisis. One foodbank noted that about half of the people they serve had a low income mix of salary and welfare support.
15. Foodbanks estimated that on average 13% of the people they served who were referred as a result of low income were not in receipt of any welfare benefits. In one foodbank this figure rose to a third of all those referred as a result of low income.

Impact of low income:

16. Continued low income can have cumulative and often harsh consequences over a period of time and can often lead to increased complexity in an individual's life. One foodbank highlighted that 'suitable accommodation, as a result of the spare room subsidy' was an issue locally for people on low income, along with lack of access to help support for people with depression and mental health issues'.
17. Another emphasised that 'as a rural area it is very hard for people to get out of the poverty trap, though many want to see their quality of life improved, there are few job opportunities paying enough to cover all the extra expenses involved in living in a rural community'.
18. A third of foodbanks who responded reported they now had to support people for much longer time periods.
19. One foodbank added: 'People need more hand holding than the system allows and this is often the cause of people needing to use us. We see the most vulnerable people in society and they need a lot more help than is out there for them.'

Impact on people who are on low income as a result of being unemployed:

20. Over two thirds of foodbanks reported that the unemployed people they serve tend to be struggling with:
 - i. Budgeting and debt
 - ii. Changes/delays to benefit payments
 - iii. Six week minimum waiting period for receipt of Universal Credit
 - iv. Cost of utilities
21. Over a third also identified difficulties with food costs, cost of housing, and the cost of travelling to interviews/DWP appointments

Impact of low income on people who are in paid employment:

22. According to the foodbanks surveyed, the issues people in paid employment on low income tend to be struggling with the most are:
- i. Budgeting and debt
 - ii. Unsteady/unknown number of hours/work (e.g. zero hours contracts)
 - iii. Low hourly pay
 - iv. Cost of utilities
23. A third, or more, of respondents also noted taxes and bills; the cost of travel; the cost of housing; delayed wages; and a low number of available working hours. One foodbank noted that 'the biggest change we have seen is clients waiting six weeks for universal credit to kick in and there seem to be more clients coming to us having been sanctioned'.

Impact of low income on people who are in paid employment and in receipt of welfare benefits:

24. People that foodbanks have supported, whose paid employment earnings were supplemented by welfare benefit tended to be struggling with the following issues:
- i. Changes/delays to benefits
 - ii. Timescales for payment of benefits
 - iii. Unsteady number of hours/work (e.g. zero hours contracts)
 - iv. Equally, budgeting and debts
 - v. Low hourly pay and the cost of utilities.
25. Over two thirds identified the top three as areas of struggle for people on a mixed income of salary and welfare support. 60% of respondents also noted the impact of low hourly pay and the cost of utilities. Over 40% also recorded cost of travel; low number of hours; cost of housing; taxes and bills; and food bills.

Insecure work:

26. All respondents have had people referred to them who were experiencing a financial crisis because of insecure work (e.g. seasonal work/zero hour contracts).
27. Over two thirds of respondents identified available employment hours as an issue for people in work
28. 47% of respondents reported seeing 'many people' in this situation. 40% of respondents felt that things were getting worse with regards to insecure work in their area and a further 53% did not see the situation improving.
29. One foodbank in North Wales reported that a high number of 'sofa surfers' and single clients appeared to be in their catchment area, commenting 'We are a holiday area and seasonal work is insecure'.
30. A foodbank in Torfaen highlighted that they 'currently enjoy a very good working relationship with Communities First who are very willing to help clients access all available funding... [however] with such high unemployment rates in the Torfaen area, and a lack of opportunities (large numbers applying for any job vacancy) more people are taking up zero hour contracts.' The demise of the Communities First programme has increased uncertainty.
31. One foodbank reported that 'The pressure put on claimants to secure work is immense. Often people are taking on low income zero hour contracts just to comply with their claimant commitment. Whilst this helps reduce unemployment figures the reality is that this is putting pressure on families who are struggling to meet their essential expenditure and not making employment sustainable.'
32. Another Foodbank commented that for work to lift people out of poverty there needs to be guaranteed hours and people need to be paid above minimum wage. People need the necessary budgeting skills to be able to ensure they are able to meet their financial obligations

once they enter the labour market. We need to equip people with the necessary skills to be able to ensure that employment is a sustainable option for them’.

UK Government’s Work and Health Programme:

33. Over half of respondents identified helping people who were on the Work and Health Programme.
34. None of these foodbanks felt that the programme was effective for all or most people. Over half of these foodbanks felt that the programme was effective for some people but over one third felt that it was only effective for a few people.

Discretionary fund:

35. Just over 50% of respondents reported knowing about the Welsh Discretionary Fund. However, over a third of those who had heard of it did not know how to access it. This is an issue we have highlighted to previous committees.

Barriers to employment:

36. The main barrier to employment was identified as a lack of opportunity/jobs in the area, with 87% of respondents identifying this as the main problem people faced. This was particularly notable in Blaenau Gwent.
37. Over a third of foodbanks reported ‘many people’ experiencing barriers as a result of disability and ill health. 87% of respondents have supported people who are unable to find suitable, secure work as a result of disability or ill-health and this was the main reason reported in Bridgend.
38. Two thirds of respondents have supported people who did not have relevant skills for the job market. This was the main reason identified by one foodbank in North Wales and it was also identified as a significant barrier by 13% of all respondents
39. 33% of respondents identified caring responsibilities as a barrier and reported they have supported people who were struggling to work for that reason.

Recommendations

40. In conclusion the Trussell Trust would urge Committee members to ensure the issue of poverty remains high on the Welsh Government’s agenda and in the public eye. Poverty is a blight on society and has led to tragic consequences in recent days, weeks and months. We would make the following recommendations for both the Welsh and UK governments:
 - Tackle exploitative zero hour contracts and promote the Living Wage by leading by example through government procurement.
 - Targeted work with business and communities to identify, develop, and raise awareness about local employment opportunities.
 - Work with employers, service users and experts to address the disability employment gap.
 - Increased awareness of and access to emergency welfare support such as the Welsh Discretionary Fund, for people in crisis.
 - The Trussell Trust has previously recommended the establishing of an all-Wales Anti-Poverty Commission that would seek to bring together the voices not just of practitioners and businesses but also listen to the voices of the dispossessed and marginalised who suffer the effects of poverty throughout Wales.

We would be happy to discuss this submission with the Committee if deemed appropriate.