



# the coalfields regeneration trust

PIW 18

National Assembly for Wales

Communities, Equality and Local Government Committee

Inquiry into: Poverty in Wales: Strand 1

Response from: The Coalfields regeneration trust

## **Submission to the Assembly Communities, Equality and Local Government Committee**

**Phase One - An Inquiry into the links between tackling poverty and addressing inequality**

September 2014

## 1. Introduction

- 1.1 The Coalfields Regeneration Trust (CRT) is the only regeneration agency in the UK dedicated to improving the quality of life of people living in Coalfield communities. CRT was established in 1999 as a direct response to the devastating effects the closure of the coal industry had on communities – not just the people who lost their jobs, but their families and the wider community.
- 1.2 Unfortunately, 30 years on, the former Coalfield communities of Wales continue to suffer disproportionate levels of poverty and disadvantage. As a region, the South Wales Coalfield performs particularly badly in all measures of poverty, and the scale of poverty in this region is monumental and having a significant negative impact on the equality of opportunity offered to all sections of the community.
- 1.3 *'The State of the Coalfields Report'* Foden, Fothergill, Gore; Sheffield Hallam University, June 2014 identifies that there are over 750,000 people living in the South Wales Coalfield. The report identifies a number of worrying statistics and trends within the Coalfield community which begin to identify how and why the Coalfield communities suffer from such extremes of poverty and inequality:
- 1.4 (a) There is a distinctly higher incidence of ill health in the Coalfields, with 9.8% of the people living in the South Wales coalfields with general health bad or very bad and 14.9% with a lot of limitation on day-to-day activity. This is against the national average of 5.6% and 8.6%. i.e. for both these key statistics on health and well being - people living in Coalfield communities in Wales have almost double the instances of ill health to the rest of the UK.
- 1.5 (b) We know that one of the routes out of poverty for a large group of people is the ability to seek and gain meaningful employment. Unfortunately, here again the Coalfield communities of South Wales are disadvantaged. Statistics within the report show that the 'employment rate' – that is the share of adults of working age in employment, is a stark and telling marker of ongoing poverty. The 'employment rate' in South Wales is 69% - that is against an average in England and Wales of 76%.
- 1.6 (c) Unsurprisingly, the weakness of the labour market in the coalfields is reflected in earnings – on average for men living in coalfield communities, their earnings are 8% below the national average and for women that is 7%.
- 1.7 (d) The report also highlights a significant increase and worrying trend in 'pensioner poverty' in the Coalfields, with the % of over 65's claiming pension credit in South Wales at a staggering 30% - almost double the average for the SE of England.
- 1.8 (e) Welfare reform is also set to bite deeper in Coalfield communities, estimates within the report show how the impact on annual financial loss to these communities is expected to average £670 per adult of working age (not just those claiming any benefit) – 40% higher than

the GB average. This will have a significant and devastating impact on the capacity of communities to cope and support each other in acute times of need.

1.9 The 'State of the Coalfields Report' can be viewed in full at <http://www.coalfields-regen.org.uk/wp-content/uploads/2014/06/State-of-the-Coalfields-Report-SHU-June-2014.pdf>

1.10 We welcome the Committee enquiry, and look forward to working with AMs to ensure that there is a strategic focus on tackling poverty and inequalities in the Coalfield communities of Wales as a specific and important region which requires significant continued regeneration effort and focused resources targeted at the root causes of poverty and inequality in these Communities.

## **2 How effectively do the Tackling Poverty Action Plan, Strategic Equality Plan and other Government strategies work together;**

2.1 We have witnessed in our current work with Welsh Government – in particular our engagement with the Housing and Regeneration Department under the Ministerial Leadership of Carl Sargeant AM, that there is a clear strategic commitment within the Welsh Government to apply the principles of Tackling Poverty and Equal Opportunities as cross cutting themes which are mainstreamed into decision making.

2.2 We welcome the visibility of these commitments as identified in the strategies and plans, however as identified in the introduction in 1.10 we would like to see how there can be a specific focus on the Coalfields as a strategic region with significant levels of deprivation, poverty and inequality. This focus is not currently sufficiently identified within Government strategies.

2.3 We welcome the focus placed within the Tackling Poverty Action Plan on early years intervention and addressing the attainment gap between children from different backgrounds –we have seen the ongoing impact and legacy of this gap in adult skills levels in Coalfield communities. However, again we would ask to see focused strategic intervention across the educational attainment levels of people in poverty in the Coalfield region as a whole as the region most in need of proactive support.

2.4 There are concerns however, that the Tackling Poverty Action Plan in its latest refresh 'Building Resilient Communities', limits some of the potential scope of this cross cutting and mainstreaming intention, by setting out targets which are currently being delivered by one department – such as tackling workless households, addressing low birth weight etc. This has the danger of not fully utilising the significant power and scope of Welsh Government investment to tackle these most entrenched issues across Government, and does not fully take into account the complex cross cutting needs of these people.

2.5 We would also welcome the strategic leadership for clear integration of Welsh Government expenditure on a range of measures with the work of the Welsh European Funding Office, in order to focus the opportunities offered by EU funding for the people of Wales who are most affected by poverty and inequality.

2.6 We welcome the Welsh Government's work and commitment towards 'poverty proofing' budgets and would wish to see this extend to other public sector bodies also with the support of Welsh Government, so that mainstream statutory expenditure can be utilised to maximise a coordinated response to poverty and inequality.

- 2.7 Particularly in the era of public sector cuts, and the reduction of services in many areas – especially services such as libraries, leisure centres, museums etc, we would welcome the Welsh Government setting out a vision and strategy for third sector ownership where this is possible to protect these services – in particular where closing them would have a massively detrimental impact on people living in poverty or people who have particular needs. Deprived, isolated communities are least able to protect their assets and services and as such require additional support. Organisations such as CRT are already engaged in this developmental support, however there is a capacity gap as more and more services are in danger of closing, and we believe the Welsh Government should consider how best it provides resources and support for communities facing these cuts so that those most in need are not further disadvantaged and the impact of poverty in Wales increases.

### **3 Impacts of poverty, particularly destitution and extreme poverty, on different groups of people;**

- 3.1 We would look to point the Committee to evidence and research carried out by our Third Sector partners in this area – in particular the Bevan Foundation, The Joseph Rowntree Foundation, Trussell Trust and Citizens Advice Cymru regards some of the real ‘on the ground’ impacts of poverty.

- 3.2 We would also draw the attention of the Committee once again to the ‘State of the Coalfields Report’ which highlights the deprivation in Coalfield communities.

We would also draw attention to how this negatively impacts on the Charitable sector within these communities. This research shows that there are less voluntary organisations per head of the population in these most deprived communities – as such there is a disconnect between need for intervention and where organisations have the capacity to support. This is most likely linked to levels of disposable income, isolation of these communities and many other factors, but shows that there is an inequality of provision in areas where poverty is most acute.

- 3.3 The Coalfields Regeneration Trust has identified over many years is the negative impact of indebtedness and financial exclusion. A report “A Vicious Cycle” by Barnados in 2011 for example, shows that for families on low income, a significant proportion have 30% of their income tied up in personal debt – such as pay-day lending. People are being trapped in debt due to their inability to meet basic needs, such as housing, food and energy – a cycle of debt which has long lasting impacts. The strain of debt on individuals and families is well researched and evidence shows a link to poor mental health, general ill health, domestic violence etc – all of which measures are higher in deprived communities. This is a vicious circle that requires action at the highest level, and we would welcome strong leadership from the Welsh Government in tackling the prevalence of debt in deprived communities. The Barnado’s report concludes: “The report argues that eradicating child poverty in the UK is likely to be unattainable if the poorest families are trapped in a cycle of debt by the high cost credit sector”.
- 3.4 Once more as identified in 1.3 to 1.9 there is evidence to support the impact on poverty on the health and well being of people living in deprived Coalfield communities. On average, people living in these communities loose at least a year in their life expectancy, and there are pockets of the Coalfields where this impact is even greater.
- 3.5 We would also highlight the high instances of ill health and the knock on effect on the welfare dependency of these communities – increasing instances of severe poverty.
- 3.6 We would also wish to highlight the high instances of mental ill health in deprived Coalfield communities, and the impact this has on communities, the economic impact of

people who cannot work due to mental illness, the cost of treatment and interventions to the NHS and the poverty brought about by long term incapacity to work. We would look to the Welsh Government to consider how to integrate mental ill health prevention and mitigation into consideration of poverty and inequality.

#### **4 How legislation, policy and budgets targeted at tackling poverty and reducing inequality are coordinated and prioritised across the Welsh Government**

- 4.1 We welcome the recent announcement of the Future Generations Bill as a mechanism for considering the sustainable development of communities and ensuring the basic needs of all of the people of Wales are met. The Future Generations Bill – with its focus on inter-generational equity – has the potential to focus minds on long term investments with the potential to embed commitments to tackling poverty and inequality more firmly through legislation which is a welcome and innovative proposal which is welcomed.
- 4.2 As identified above, the process of ‘poverty proofing’ budgets is crucial in order that large scale mainstream budgets such as health, education, business etc are maximised to bring benefits for people living in poverty and to address inequalities – however we would welcome even further transparency in this area, with openness with all sectors in terms of how budgets are focused on supporting those most in need.
- 4.3 As identified above, we would wish to see a focus and strategic commitment to regions such as the Coalfields of Wales, which require large scale, coordinated intervention aimed at the structures that cause entrenched poverty. Unfortunately, whilst welcoming the investment made in Communities First Clusters, we fear that the local geographical focus of this programme fails to tackle the regional, structural reasons as to why poverty persists in such large swathes of South Wales. As identified above, this region encompasses over 750,000 people and as such a strategy to deal with the cross cutting impacts of poverty in all Government portfolios for this region would be crucial to bring about any meaningful impact.
- 4.4 Following the Cabinet reshuffle of the 11<sup>th</sup> of September, we are disappointed to note that there is no longer a Deputy Minister for Tackling Poverty, and we would wish to see the Government address this retrograde step. As this is such a crucial area for Wales, with cross cutting strategic reach, this may also be an opportunity for the First Minister to take forward this leadership role and to drive the commitment from all departments to focus investment on tackling poverty.
- 4.5 Finally, The Coalfields Regeneration Trust, welcomes the opportunity to contribute to this enquiry, and looks forward to the outcomes of the Inquiry as the strands progress. We commend the Welsh Government for the importance places on tackling poverty and addressing inequalities, but we also know that all parties can do more, and achieve more change through working together and challenging the status quo.