

The First Minister,
Welsh Government
Cardiff Bay
CF99 1NA

Cc Julie James MS and John Griffiths MS

04/12/2020

Dear First Minister,

Immediate action to alleviate poverty

We welcome many of the actions taken by your Government since the outset of this pandemic to support people on low incomes through difficult times. The publication of a new report by the Wales Fiscal Analysis team at Cardiff University earlier this week, however, has drawn our attention to some significant additional sums that could be spend on assisting families trapped in poverty this winter.¹ With the team at Cardiff University suggesting that the Welsh Government has around £829m unallocated in its budget which must be spent before the end of this financial year we have identified some areas where the funds could be spent immediately.

Our suggestions, if adopted in full would account for around 10% of the unallocated funds currently at the Welsh Government's disposal. We make these suggestions based on three principles:

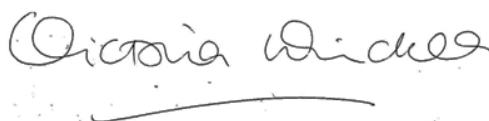
- They are actions that can be taken quickly
- They are actions that can be funded this financial year
- They are actions that will have a lasting effect on poverty.

The actions we urge the Welsh Government to take are as follows:

1. **Extend the self-isolation payment** for low income workers to cover parents of children have been sent home from school and told to isolate but who have not been contacted by track and trace themselves. Estimated cost - £39m
2. **Expand support for digitally excluded learners** so that all children in receipt of Free School Meals are provided with free laptops and data. Estimated cost – £29m.
3. **Write off any loans already made under the Tenants Save Loan Scheme** and provide all future support on a grant basis. Estimated cost - £8m
4. **Establish a EMA hardship fund** to support young people to stay in further education. Estimated cost - £5m
5. **Roll out income maximisation advice** across Wales rather than through small scale local pilots.

Further details about our proposals can be found in the attached annex. If you have any further queries please don't hesitate to contact me at [REDACTED]

Victoria Winckler, Director



¹ Wales Fiscal Analysis, Cardiff University, *Welsh Budget Outlook 2020* (3 December 2020) available at - https://www.cardiff.ac.uk/_data/assets/pdf_file/0010/2481634/welsh_budget_2020_report_formatted.pdf

Annex 1

1. Extend the self-isolation payment to cover parents

The Welsh Government's £500 self-isolation payment provides support to low income workers who have come into contact with the virus. A person is only eligible for support if they have tested positive for the virus themselves or have been contacted by track and trace. This means that parents of children who have been sent home from school and told to isolate but who have not been contacted by track and trace themselves are not eligible for support.

The current approach risks parents falling into significant financial hardship as a result of having to miss work due to childcare commitments and risks virus spread as a result of parents deciding to go to work or as a result of other family members and friends entering the household to look after the child. Extending the scheme to parents would cost the Welsh Government approximately £37m between now and the end of March 2021.² With Scottish Government having committed to extend the payment to parents affected by these circumstances we believe the same action should be taken in Wales.

2. Free laptops and data for all children in receipt of Free School Meals

The Welsh Government's decision to invest £3m in providing data-enabled laptops for digitally-excluded children early on in the pandemic was a welcomed step, enabling recipients to continue their education. The scheme does not only provide assistance in the short term however, but also provides children with an ability to better engage with education in the long term, allowing them to develop their digital skills and to do their homework. The scheme has an additional benefit of providing parents with a way to better engage with digital first services such as Universal Credit.

Purchasing data enabled laptops for all children eligible for Free School Meals would therefore offer extensive benefits. With 90,000 children taking up their Free School Meals entitlement in May this year, purchasing low to mid price laptops at around £300 a laptop would cost the Welsh Government approximately £27m, not a significant sum in the context of the funds it has to spend.

3. Write off tenant saver loans debts

Under the Tenant Save Loan Scheme the Welsh Government provides loans to tenants who have fallen behind on their rent as a result of Covid-19. The loan is paid directly to the landlord with the tenant required to pay it back over time to the Welsh Government along with interest. Whilst

² This estimate is reached by looking at the [most recent data](#) published on school absenteeism by the Welsh Government. On the week beginning the 23rd of November 17% of Welsh school children were absent from school. Based on [the estimate that 5% to 8%](#) of these children are absent from school for non Covid reasons, this would mean that approximately 32,974 children were absent for Covid 19 related reasons either as a result of being told to isolate by their school or as a result of a parent/ guardian choosing to keep the child home. With [28% of Welsh school children](#) living in households that are eligible for Universal Credit or Working Tax Credit, if all of these children were isolating and assuming that the pandemic is impacting on children in the same way then approximately 9,232 children living in low income households were isolating on the week of the 23rd of November. Assuming each of these children lived in separate households and none of their parents could work from home then extending the payment to the household of children who are having to isolate would have cost the Welsh Government approximately £2.3m for the week. Assuming this demand remains consistent between now and the end of March 2021, extending the payment would cost the Welsh Government approximately £37m over the next 16 weeks.

action to try and prevent a wave of evictions is welcomed, the issue with the policy is that it saddles tenants with debt, making it harder for tenants to move out of poverty even after the worst of the pandemic has passed. Using some of the unallocated funds to write off the tenant's debts will provide tenants with a fresh start and could also reduce pressures down the line on public services as tenants struggle to repay their loan to the Welsh Government alongside their rent.

The Welsh Government provided £8m for loans under the scheme so moving £8m from the current unallocated funds to cover this would remove the requirement for tenants to repay their loan.

4. EMA hardship fund

With a difficult economic environment it is vital that young people are supported to stay in education for as long as possible. Previous research undertaken by the Bevan Foundation has highlighted that young people in Further Education are often at a disadvantage with no guarantee of free home to school transport and the Education Maintenance Allowance being cut by a third in real terms.³

These challenges have been exacerbated by the pandemic. With classes disrupted, public transport capacity reduced and many jobs usually relied upon by young people in the hospitality sector to supplement their incomes shut down, young people have been hit especially hard by the pandemic. The Welsh Government should therefore immediately establish an EMA hardship fund that would allow young people to get support to purchase a laptop to continue their education from home, provide them with support to find alternative ways of getting to their educational establishment and to provide financial support to those struggling with living costs. A hardship pot of £5m would be enough to provide all EMA recipients with nearly £250 in support.

5. Provide income maximisation advice nationally

In November the Welsh Government published its *Child poverty: income maximisation action plan 2020 to 2021*. There is much to be welcomed in the plan, but with such significant funds needing to be spent we believe that the Welsh Government can be more ambitious.

For example, under the plan the Welsh Government is proposing to run six pilot projects to raise awareness of benefit entitlements and give people support to maximise their income amongst specific priority groups. With so many people struggling now, and with the Welsh Government having sums to spend now, there is an overwhelming case to run such activities as a nationwide with the targeted support being available everywhere not just in the six pilot areas.

The estimated costs of all these policies combined come to just under £80m. That is less than 10% of the unallocated resource the Welsh Government has at its disposal. Investing in these policies could therefore provide a vital lifeline to people trapped in poverty in Wales this winter whilst also providing the Welsh Government with plenty of funds to invest in the health service and to provide additional support for the economy.

³ Bevan Foundation, *Learning a living, better support for post 16 learners*, (7 February 2020) available at - <https://www.bevanfoundation.org/publications/learning-a-living-better-support-for-post-16-learners/>