

Rural Development Sub-Committee

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Annex 1 - Rural Poverty and Deprivation – Scoping Paper

At the Rural Development Sub-Committee meeting on 27 September 2007, Members stated their interest in undertaking an inquiry into deprivation and poverty in Rural Wales. This paper provides background information on:

- the potential scope of the inquiry
- policies and programmes that the Welsh Assembly Government has implemented to address rural poverty in Wales
- initiatives to tackle poverty in an all Wales context
- some existing data

1. Scope

Previous studies of poverty, for example the Assembly Government's Task Group on Child Poverty, have identified key dimensions of the subject area that any inquiry may wish to address:

- **Service Poverty**
- **Income Poverty**
- **Participation Poverty**

Deprivation, as distinct from poverty, can impact on all three of these areas. Any inquiry may wish to examine how poverty and deprivation are linked.

As part of the inquiry, the Committee may also want to undertake the following activities:

- Scene setting and a review of existing research to establish the current situation and identify problems
- Assessment of mechanisms used to measure poverty and deprivation
- Analysis of Welsh Assembly Government policies and funding and their adequacy for rural Wales
- Examination of examples of good practice in other areas
- Recommendations to Government on areas of improvement

2. Definitions

Poverty and deprivation

There is not one single definition of poverty. Common indicators are:

- absolute poverty
“an objective definition of the minimum standard of living that is required to sustain life – in terms of food, clothing, and shelter – and is thus concerned with biological and physical needs.”¹
- relative poverty - first proposed by Peter Townsend in 1979
“Townsend argued that people could be defined as living in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and the amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong.”²

Deprivation can be in material (lacking particular goods or services) or social terms (the individual's place within the community and society in general). There is clearly some overlap between poverty and deprivation, although the two are distinct concepts.

The Consultation document for the Welsh Index of Multiple Deprivation³ issued in summer 2007 noted

“although there is more to deprivation than poverty, not having enough money or a job is a big part of it ... it is important to remember that not all people in a deprived area is deprived – and that not all deprived people live in deprived areas”

The paper makes the following distinction between poverty and deprivation

“Poverty means not having enough money (or other essentials to get by). Deprivation refers to problems caused by a general lack of resources and opportunities (not just money)”

Rural

A scoping paper presented to the Committee on the 27 September 2007 outlined some issues relating to the definition of rural areas.

Nine local authority areas in Wales are commonly agreed to be primarily rural in nature, namely Ynys Môn, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire and Monmouthshire⁴. The work of the Wales Rural Observatory looks at these nine unitary authorities and the parts of three others which have rural characteristics - Flintshire, the Vale of Glamorgan and

¹ Wales Rural Observatory, *Poverty and Social Exclusion in Rural Wales*, 2005, p4.

<http://www.walesruralobservatory.org.uk/reports/english/pov&se%20report%20v2.pdf>

² *ibid*

³ Welsh Assembly Government and Office of National Statistics *Consultation on the proposed indicators for updating WIMD* June 2007 <http://new.wales.gov.uk/consultations/closed/statscloscons/consultation-wimd2008/?lang=en>

⁴ P13, Part 2 Wales Rural Development Plan Wales Rural Development Plan 2007 -2013

http://new.wales.gov.uk/depc/1379130/1561285/RDP_Part_2_-_Analysis_Of_Cu1.pdf?lang=en

Wrexham. The Wales Rural Observatory refers to this as the '9+3' definition of rural Wales⁵. The other definitions are 'valleys' and 'urban'. More detail is provided in Annex A.

3. Issues affecting rural communities

Any inquiry is likely to focus on those specific issues that affect rural communities more acutely than their urban counterparts. Evidence suggests⁶ that rural areas in particular are affected by difficulty in accessing services such as:

- Health and social services
- Public transport / levels of car ownership
- Education and training
- Local Shops/Post Offices
- Quality/affordable housing
- Financial services
- Advice and information services
- Local Authority services
- Childcare

Within rural communities, income poverty can manifest itself in the form of:

- Limited access to employment
- Low wages
- Dependence on agriculture and tourism

4. Assembly Government policies that address aspects of poverty in an all Wales context

The Assembly Government has attempted to address poverty and deprivation throughout Wales with a number of policies and programmes, including:

- Wales Spatial Plan: People, Places, Futures – The Wales Spatial Plan is a 20 year plan for the sustainable development of Wales.

⁵ Wales Rural Observatory *An Overview of Policy and Resources Impacting on Rural Wales2 004*
<http://www.walesruralobservatory.org.uk/reports/english/policy%20overview.pdf>

⁶ Joseph Rowntree Foundation, *Monitoring Poverty and Social Exclusion in Wales 2005*:
<http://www.jrf.org.uk/bookshop/eBooks/1859353967.pdf>

- Communities First – the Assembly Government's flagship programme to improve the living conditions and prospects for people in the most disadvantaged communities across Wales.
- Iaith Pawb: A National Action Plan for a Bilingual Wales.
- National Homelessness Strategy.
- National Service Framework for Children, Young People and Maternity Services in Wales.
- A Fair Future for our Children: The strategy of the Assembly Government for tackling child poverty..
- Wales: A Vibrant Economy - The national economic development strategy of the Welsh Assembly Government.
- Fuel Poverty Commitment for Wales - the Welsh Assembly Government has a commitment to eradicate fuel poverty in Wales among vulnerable households by 2010 and among all households by 2018.
- Wales Transport Strategy.
- The previous Objective 1 and future Convergence Programmes for West Wales and the Valleys.⁷

5. Assembly Government policies that focus on rural communities

The Assembly Government has developed and implemented a range of policies and initiatives that aim to directly impact upon the social and economic problems that affect the rural communities of Wales, and that tackle some of the issues listed above. Moreover, Welsh Assembly Government funding has been directed towards the voluntary sector to allow the establishment of projects targeting rural communities. Some examples of Assembly Government initiatives include:

- Rural Community Action - Strengthening living and working in rural Wales.
- Rural Retail Support.
- Homebuy – low cost home ownership with increased subsidies in rural areas.
- Rural Development Plan 2000 – 2006. This is EU funded with a specific focus on Community initiatives coming under the LEADER initiative. The Rural Development Plan for 2007-2013⁸ is awaiting approval from the European Commission but will also include a LEADER dimension.

6. Local Government

Local government plays a significant role in delivering public services to rural communities. Attempts to address rural poverty and deprivation have been made through initiatives such as:

⁷ Welsh European Funding Office: <http://www.wefo.wales.gov.uk/default.asp?action=page&ID=1953>

⁸ Rural Development Plan 2007 – 2013:
http://new.wales.gov.uk/topics/environmentcountryside/countryside_policy/rural_development/rdp0713/?lang=en

- Integrated rural development policies.
- Housing Act 1996 Section 180 funding to the voluntary sector for homelessness projects.
- Local homelessness strategies.

7. Measuring poverty and deprivation

Substantial research has been carried out by the Wales Rural Observatory⁹ and the Joseph Rowntree Foundation¹⁰ into poverty and deprivation in Wales, as well as research directly commissioned by the Assembly Government.

Any inquiry may wish to consider which indicator(s) of poverty and/or deprivation they wish to use, for example low income levels, rates of unemployment, low pay, low educational attainment, levels of ill health, access to transport or levels of homelessness.

The Welsh Index of Multiple Deprivation (WIMD) is the official measure of deprivation for small areas in Wales and uses a variety of weighted indicators to produce an index of deprivation.¹¹

The previously mentioned consultation document for the Welsh Index of Multiple Deprivation provides examples of ways the Index has been used:

- The 100 most deprived electoral divisions in Wales in the 2000 WIMD were included among the original 142 Communities First areas.
- The education domain is used to provide a deprivation uplift for funding allocations within the National Planning and Funding System.
- OFWAT have used the index for looking at the relationship between deprivation and levels of debt.
- The Lottery Fund has used it to help allocate funds to deprived areas.
- As supporting evidence in bids for European funding.

8. Existing data

In 2005, the Wales Rural Observatory undertook research into Poverty and Social Exclusion in rural Wales¹². Their research analysed ward level data on benefit receipt, unemployment and household income as well as some interviews with a sample of low-income households in two case-study areas (see Table 1). Their analysis, derived from data from the Department for Work and Pensions on income-based state benefit in 2001 and their distribution across local authorities found:

⁹ Wales Rural Observatory, *Poverty and Social Exclusion in Rural Wales*, 2005:
<http://www.walesruralobservatory.org.uk/reports/english/pov&se%20report%20v2.pdf>

¹⁰ Joseph Rowntree Foundation, *Monitoring poverty and social exclusion in Wales 2007*:
<http://www.jrf.org.uk/knowledge/findings/socialpolicy/2096.asp>

¹¹ Welsh Index of Multiple Deprivation: <http://www.lgdu-wales.gov.uk/eng/WimdProject.asp?id=1758>

¹² Wales Rural Observatory *Poverty and Social Exclusion in Rural Wales* 2005
<http://www.walesruralobservatory.org.uk/reports/english/policy%20overview.pdf>

- The proportion of people in receipt of Working Families Tax Credit in rural areas was higher than that for urban areas.
- The percentage of people receiving Job Seekers' Allowance was the same in rural and valleys areas).

Table 1: Percentage benefit claimant rates, 2001, by rural unitary authority

| Percentage benefit claimant rates, 2001, by rural unitary authority | | | | |
|---|------------------------|----------------|---------------------|-----------------------------|
| | Job Seekers' Allowance | Income Support | Council Tax Benefit | Working Families Tax Credit |
| Carmarthenshire | 1.9 | 14.8 | 22.1 | 2.5 |
| Ceredigion | 1.6 | 9.6 | 15.7 | 2.2 |
| Conwy | 2.1 | 15.1 | 16.8 | 2.9 |
| Denbighshire | 1.9 | 15.5 | 19.1 | 2.7 |
| Gwynedd | 2.8 | 12.6 | 12.4 | 2.9 |
| Ynys Môn | 3.4 | 13.7 | 35.0 | 2.8 |
| Monmouthshire | 1.2 | 8.4 | 13.4 | 1.8 |
| Pembrokeshire | 2.2 | 13.7 | 20.8 | 3.1 |
| Powys | 1.4 | 9.8 | 14.2 | 2.5 |
| Rural | 2.0 | 12.7 | 18.5 | 2.6 |
| Other | 1.6 | 11.5 | 17.8 | 2.5 |
| Valleys | 2.0 | 16.4 | 26.2 | 2.7 |
| Urban | 2.3 | 14.8 | 23.0 | 2.4 |

Rates for Jobs Seekers' Allowance, Income Support and Working Families Tax Credit are expressed as percentages of the working age resident population. Council Tax Benefit rates are presented as a percentage of resident households

Source: Wales Rural Observatory

- Further analysis of the spatial distribution of low-income based benefit at ward level (rather than the local authority level analysis in Table 1) revealed that 78% of rural wards had more than 1% of persons on Job Seekers Allowance in 2001; 84% had more than 3% in receipt of Income Support and 71% of rural wards contained more than 2% of persons on working families tax credit.

The Observatory's work also found:

- An east-west division within rural Wales, with benefit receipt levels generally highest in the northwest and lowest in eastern areas, the Vale of Glamorgan and the Gower.
- An east-west division in the proportion of people receiving Job Seekers' Allowance with high levels of benefit receipt was evident in most wards in Anglesey, North West Gwynedd and South East Ceredigion.
- In a survey of 4,000 households in rural Wales in 2004, the Observatory found that 24.8% of the households that provided information were living on incomes of less than £10,000. The highest proportion of low-income households were in Gwynedd, Denbighshire and Pembrokeshire (see Table 2)

- In a survey of households in rural Wales undertaken by the Observatory in 2005¹³, 49% of respondents said that there was someone in their household who had problems getting to local services such as leisure centres, dentists, police stations, doctors' surgeries or banks. This survey also found that income influences relative ability to access services in rural areas.

Table 2: Proportion of households with annual incomes below £10,000 by rural unitary authority, 2004

| Proportion of households with annual incomes below £10,000 by rural unitary authority, 2004 | |
|---|-------------|
| Unitary Authority | % |
| Gwynedd | 27.2 |
| Denbighshire | 27.0 |
| Pembrokeshire | 26.9 |
| Carmarthenshire | 26.5 |
| Conwy | 26.0 |
| Ynys Môn | 24.7 |
| Ceredigion | 22.8 |
| Powys | 22.8 |
| Flintshire | 20.3 |
| Vale of Glamorgan | 17.5 |
| Monmouthshire | 16.5 |
| Rural Wales Average | 24.8 |

Source: Wales Rural Observatory; Living and Working in Rural Wales household survey 2004

In 2005, the Joseph Rowntree Foundation and the New Policy Institute published a report¹⁴ that looked at poverty and social exclusion across Wales. One of the main issues they looked at in terms of poverty was low income, but the work also included an analysis of factors such as poor health, dissatisfaction with the locality, lack of work and poor paying work. They found that low pay is most prevalent in rural areas, in particular Pembrokeshire, Ceredigion, Gwynedd and Powys. The most recent statistics¹⁵ are provided in Figure 1.

The New Policy Institute¹⁶ also found

- In terms of the proportion of working age households in receipt of child or working tax credit the areas with the highest proportions were the rural authorities of Conwy and Pembrokeshire, with Powys, Carmarthenshire and Merthyr Tydfil in the second tier.
- On average in between 2004 and 2006, Pembrokeshire had the second highest levels of homelessness in Wales, with the Vale of Glamorgan recording the lowest levels. See Fig 2.

¹³ Wales Rural Observatory *A Report on Living and Working in Rural Wales 2004*

<http://www.walesruralobservatory.org.uk/reports/english/living%20in%20rural%20wales.pdf>

¹⁴ Joseph Rowntree Foundation and New Policy Institute *Monitoring Policy and Social Exclusion in Wales 2005*

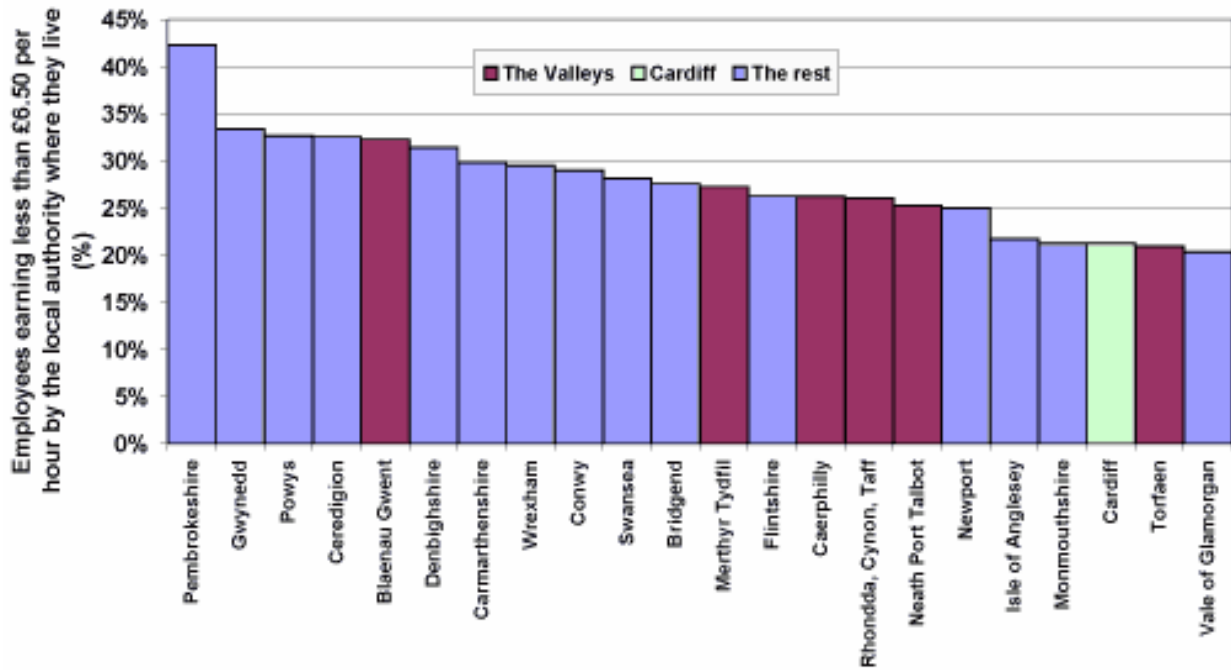
<http://www.jrf.org.uk/knowledge/findings/socialpolicy/0575.asp>

¹⁵ New Policy Institute <http://www.poverty.org.uk/>

¹⁶ Tax Credit Receipt Information *New Policy Institute* <http://www.poverty.org.uk/W07a/index.shtml?3>

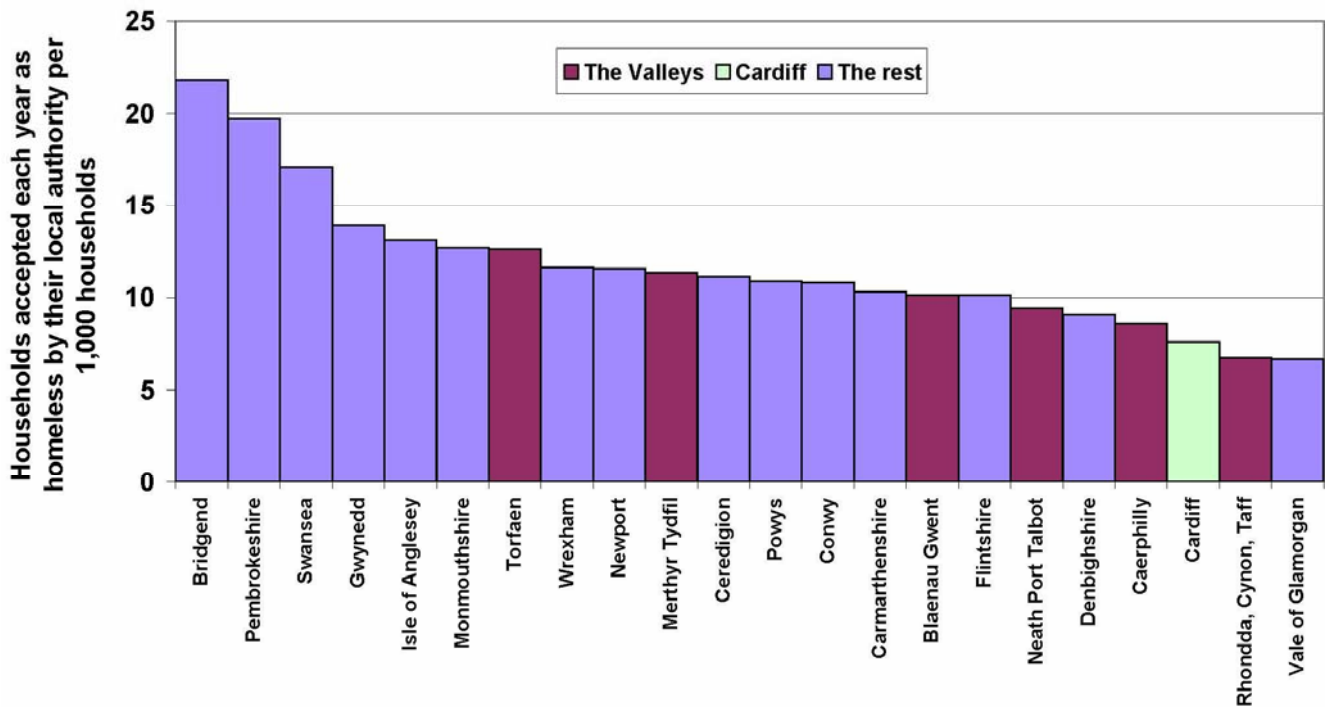


Fig 1: Proportion of employees earning less than £6.50 per hour, by unitary authority¹⁷



Source: Annual Survey of Hours and Earnings, ONS; the data is the average for 2004 to 2006

Fig 2: Homelessness levels across unitary authorities in Wales¹⁸



Source: Local Government Data Unit Wales; the data is the average for the years 2004 to 2006; updated April 2007

¹⁷ New Policy Institute <http://www.poverty.org.uk/>

¹⁸ New Policy Institute <http://www.poverty.org.uk/>

Table 3 shows the ratio of median house prices to gross median full-time pay by unitary authority in 2006. Map 1 shows the same information.

For Wales as a whole house prices in 2006 were 6.3 times full-time pay. This ratio was higher in all of the nine rural unitary authorities and in two of the three partly rural authorities. The highest ratios were for Monmouthshire and Ceredigion (9.5 and 9.4 respectively).

In the remaining ten authorities, the ratio was above the all Wales average for only two authorities (Cardiff at 7.0 and Swansea at 6.5). The lowest ratios were for Neath Port Talbot (3.9) and Blaenau Gwent (4.4).

Table 3: Ratio of median house prices to gross median full-time pay by unitary authority (2006)

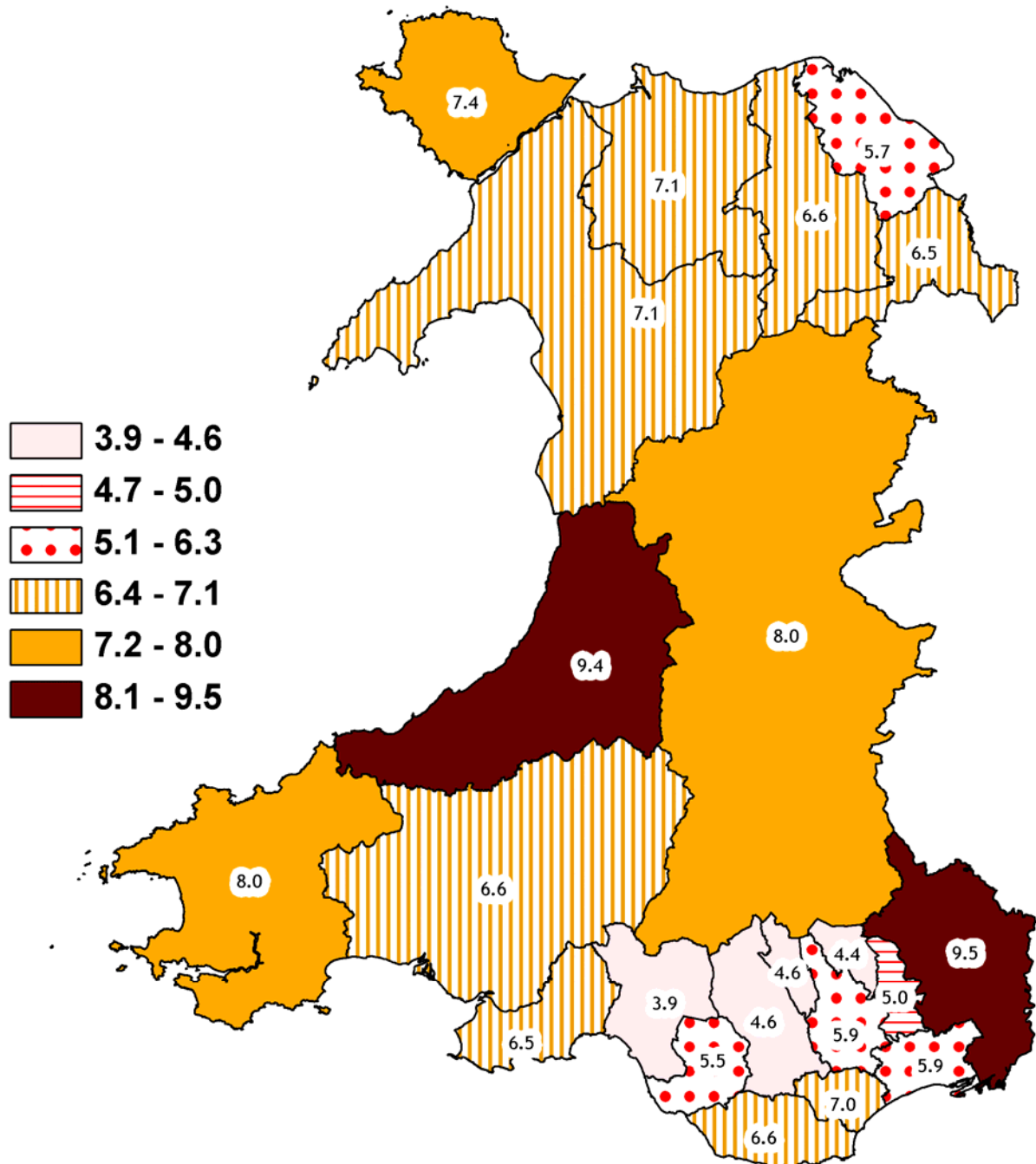
| | Gross median annual pay, full-time workers - 2006 | Median house prices - 2006 | Ratio House prices/earnings |
|-----------------------|---|-------------------------------|--------------------------------|
| | £ | £ | |
| Ynys Môn | 20,100 | 148,000 | 7.4 |
| Gwynedd | 19,800 | 140,000 | 7.1 |
| Conwy | 20,500 | 145,000 | 7.1 |
| Denbighshire | 19,600 | 129,500 | 6.6 |
| Powys | 20,000 | 159,000 | 8.0 |
| Ceredigion | 18,200 | 172,000 | 9.4 |
| Pembrokeshire | 19,800 | 158,500 | 8.0 |
| Carmarthenshire | 18,800 | 124,950 | 6.6 |
| Monmouthshire | 19,300 | 183,000 | 9.5 |
| Flintshire | 23,900 | 135,000 | 5.7 |
| Wrexham | 20,900 | 135,000 | 6.5 |
| The Vale of Glamorgan | 23,100 | 152,000 | 6.6 |
| Swansea | 19,500 | 127,500 | 6.5 |
| Neath Port Talbot | 24,300 | 94,000 | 3.9 |
| Bridgend | 22,300 | 123,600 | 5.5 |
| Rhondda, Cynon, Taff | 19,700 | 91,000 | 4.6 |
| Merthyr Tydfil | 18,500 | 85,000 | 4.6 |
| Caerphilly | 19,600 | 115,000 | 5.9 |
| Blaenau Gwent | 18,300 | 80,000 | 4.4 |
| Torfaen | 22,900 | 115,000 | 5.0 |
| Cardiff | 22,300 | 156,500 | 7.0 |
| Newport | 22,500 | 133,500 | 5.9 |
| Wales | 21,100 | 132,500 | 6.3 |

Sources:

Annual Survey of Hours and Earnings, workplace analysis, 2006 - Office for National Statistics

Land Registry and Department for Communities & Local Government

Map 1: Ratio of median house prices to gross median full-time pay by unitary authority (2006)



Source: Land Registry and Office for National Statistics

Annex

A Annex – Defining Rural

The Organisation for Economic Cooperation and Development (OECD) defines rural as areas with a population density of less than 150 residents per square km. This is the methodology adopted by the European Commission¹⁹, but it is broadly agreed that this often does not reflect areas which are rural in character but have pockets which are densely populated. According to the Welsh Assembly Government²⁰ this definition means that the whole of Wales can be deemed as rural, excluding the main population centres of Cardiff, Newport and Swansea.

According to the Wales Rural Observatory²¹, a commonly used definition of rural in Wales is based on population density and organised around local authority boundaries. Nine Welsh local authorities are predominantly rural in nature, namely Ynys Môn, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire and Monmouthshire²². This is a commonly used definition of rural, as demonstrated by the use of data for these local authority areas in the most recent draft of the Wales Rural Development Plan 2007 -2013 submitted to the European Commission in July 2007²³.

In 2004 The Office for National Statistics (ONS), Welsh Assembly Government and a number of UK Government Departments sponsored a project to re-classify rural and urban areas²⁴, the main focus of which was the development of more detailed classifications for rural areas. This classification provides a useful way of presenting datasets on a geographical basis and defines settlements of over 10,000 people as 'urban' and smaller places, rural settlements, into three categories:

- Urban - Settlements with more than 10,000 population
- Rural - Town and Fringe
- Rural - Village
- Rural - Dispersed (Hamlets and Isolated Dwellings)

Settlements are also defined according to whether they are in 'sparse' or less 'sparse' areas. This classification is also used by the Commission for Rural Communities in England.

¹⁹ Rural Development in the European Union – Statistical and Economic Information - Report 2006
http://ec.europa.eu/agriculture/agrista/rurdev2006/index_en.htm

²⁰ Wales Rural Development Plan 2007 -2013 http://new.wales.gov.uk/depc/1379130/1561285/RDP_Part_2_-_Analysis_Of_Cu1.pdf?lang=en

²¹ Wales Rural Observatory *An Overview Of Policy And Resources Impacting On Rural Wales* 2007
<http://www.walesruralobservatory.org.uk/reports/english/policy%20overview.pdf>

²² P13, Part 2 Wales Rural Development Plan Wales Rural Development Plan 2007 -2013
http://new.wales.gov.uk/depc/1379130/1561285/RDP_Part_2_-_Analysis_Of_Cu1.pdf?lang=en

²³ Wales Rural Development Plan 2007 -2013 http://new.wales.gov.uk/depc/1379130/1561285/RDP_Part_2_-_Analysis_Of_Cu1.pdf?lang=en

²⁴ <http://www.statistics.gov.uk/geography/nrudp.asp>