

In-work poverty in Gwynedd

A report for Gwynedd Council

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The views expressed in the report are those of the New Policy Institute alone. Nothing contained in the report should be taken as constituting Gwynedd Council policy.

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Introduction and summary

Purpose of the report

This report has been written to help Gwynedd Council understand in-work poverty in the Communities First Areas and across the county. It looks at who is affected and the challenges that people experiencing it face. After presenting the statistics, the report draws on qualitative research to offer guidance on the Council's objectives as it considers how to respond and to identify some specific questions to focus on.

Poverty and in-work poverty

Poverty is defined as being when a household has too few resources to meet needs, including normal participation in society. It is measured by low household income: below 60 per cent of median income after adjusting for the size of the household.

In-work poverty is assessed at the benefit unit ('family') level: a family in poverty is in in-work poverty if at least one member has paid work. **All family members, including any children and non-working adults, are counted as being in in-work poverty. It is not the same as being paid a low hourly rate of pay.**

General characteristics of in-work poverty in Wales

329,000 people in Wales in a working family are in poverty, 48 per cent of all those in poverty. Two-thirds of them are in a couple family. Just over half are tenants.

In-work poverty is a combination of low hourly pay and low work intensity. Women's engagement with the labour market is crucial. Roles more likely to be played by women are disproportionately associated with in-work poverty.

- Nearly three quarters of women experiencing in-work poverty are 'underworking', i.e. not doing full-time paid work.
- Working families with children and those headed by a single woman face the highest risk of in-work poverty. Two thirds of those in in-work poverty are parents and dependent children.
- Four fifths of non-working adults in in-work poverty (excluding those actively looking for work) give caring for family or being sick or disabled as the reason for not working.

In work poverty in Gwynedd

Most people in poverty in Gwynedd are in a working family. Overall levels of poverty in the county are below the Welsh average but working families make up an above-average share. **In 2013/14, there were 15,100 people in working families**

in poverty in Gwynedd, equal to 55.7 per cent of all those in poverty in the county and 12.4 per cent of the total population. Gwynedd has a higher in-work poverty share than Wales because more people are self-employed and (though to a lesser extent) more people rent their home.

The report often gives its results for the two parliamentary constituencies. Differences between Arfon (the more urban) and Dwyfor Meirionnydd (the more rural and coastal) show the contrasting patterns of in-work poverty in Gwynedd:

- A higher proportion experience in-work poverty in Dwyfor Meirionnydd: 13 per cent of households get in-work tax credits (11 per cent in Arfon); 10 per cent of renting households get in-work housing benefit (eight per cent in Arfon).
- Those experiencing in-work poverty in Dwyfor Meirionnydd are older: 30 per cent of in-work housing benefit claimants are under 35 (44 per cent in Arfon).
- Tenants experiencing in-work poverty in Dwyfor Meirionnydd are more likely to be private renters (45 per cent compared with 28 per cent in Arfon).

Guidance on how the council can respond to in-work poverty

Supporting people experiencing in-work poverty is not just about helping them to escape it. Things that improve the situation while still in in-work poverty are worthwhile; time matters as well as money. Low-income working families can be in a precarious position: stopping things getting worse is worthwhile too.

We recommend that the Council consider two objectives for action on in-work poverty in Gwynedd, namely:

- ***To increase the financial and non-financial resources of families in in-work poverty, whether this allows them to escape in-work poverty or not***
- ***To protect families in in-work poverty from falling into destitution, due to spiralling debt or instability originating in the social security system.***

Problems facing low income working families in Gwynedd

Local interviews provided insight into the problems faced by low income working families in Gwynedd.

- ***The seasonal nature of employment in Gwynedd*** is a recurring concern, offering minimum wage jobs and interacting with the benefit system in ways that limit people's choices. But employers see recruiting locally for the summer as a challenge too, especially when specific skills were required. ***Contracts offering work for 16 hours a week*** are widespread but it is not clear why. Housing close to summer employment can be in short supply.

- **Dependence on seasonal employment can lead to a build-up of debt** in the low season, with plans to repay it when there is more work to be done in the summer. A failure to repay informal debts to family and friends may be no less serious than a failure to repay rent or utility debts or council tax arrears.
- **Difficulty getting to a job is a significant barrier** to working longer hours or even at all. This reflects pressures which include but go beyond public transport: the long distances to reach work; the concentration of opportunities in larger towns; and the need to access multiple other services and/or visit elderly or sick relatives – as well as go to and from work – on a regular basis.

Suggested priority actions for the Local Authority

Local concerns should determine where the Council's effort is directed. Five suggested priorities are:

1. **Understand why 16-hour contracts are so prevalent – and apparently so popular.** If people doing 16 hours a week were able to work a bit more each day, the gain would be considerable.
2. **In line with Gwynedd's focus on high value jobs, train local workers for the specialist skills (such as catering) that seasonal employers find harder to fill.**
3. **Focus on upskilling those returning to work, usually women, after a spell away.** This is a key to addressing in-work poverty among older working-age people.
4. **Review the accessibility of public services used by low income, working families** e.g. opening hours, proximity, ease of making/altering appointments, suitability of digital services etc). The aim is to make it easier for family members to take up paid work or extend their hours of work.
5. **Promote debt advice and review debt collection policies.** Low income families mainly owe money to the council, housing associations, the DWP and utility companies.

In spatial terms, we suggest an approach which looks at both in-work poverty 'hot spots' (chiefly in the post-industrial, urban and coastal areas) and rural areas in general with their higher 'background' level of in-work poverty. While the five priorities apply across Gwynedd, rural and coastal areas would benefit especially from better accessibility – priority 4. Urban areas and market towns would gain a lot from priority 2, aimed at young workers and school leavers. Priority 3 fits part of a wider agenda on reskilling especially relevant in post-industrial and rural areas.

1. In-work poverty

1.1. Definition and measurement of in-work poverty

Poverty in the UK is defined as being when a household has too few resources to meet needs, including normal participation in society.¹ It is usually measured by low household income: below 60 per cent of median income after adjusting for the size of the household.

There are several points to clarify here.

- **Income** includes earnings as well as benefit income, including housing benefit and the childcare element of tax credits and universal credit. It is measured net of income tax, national insurance and council tax (itself net of any council tax reduction). ‘Household’ has the common-sense meaning of everybody living behind a single front door.
- In this report, we follow the widespread convention of using income **after housing costs** (AHC) have been deducted. The definition of housing cost is restricted to rent, mortgage interest, water charges and (for owner occupiers) buildings insurance. This is a narrow treatment of the impact of housing on owner occupiers. In particular, excluding repayment of mortgage principal means that the *disposable* income of households with a mortgage is lower than this measure of income. This is especially so in the later years of a repayment mortgage and needs to be borne in mind when considering in-work poverty among older, working-age owner occupier households.
- While income is measured at the household level, our analysis of poverty – whether in-work or out-of-work and if the former, the work status of the individual adults – takes place at the level of the **benefit unit**. This is a DWP term which denotes the grouping of people considered as one for the purposes of calculating entitlement to benefit. It can be either a single adult or an adult and their partner if they live together, as well as any dependent children who live with them. A child who has left formal education, the parents of one of the adults in the benefit unit or other adults living with the them belong to the same household but are counted as separate benefit units. When we refer to a ‘family’, we are using it as a non-technical substitute for ‘benefit unit’.
- In-work poverty is assessed at the benefit unit (‘family’) level: a family is in in-work poverty if at least one member of it is has paid work. All family members,

¹ Joseph Rowntree Foundation (2016a)

including children and non-working adults, are in in-work poverty. In-work poverty is not the same as being low-paid, i.e. low hourly pay.²

The income thresholds used to count the number of people in poverty are as follows. They refer to weekly household income, for 2015/16 (the date to which most statistics in this report correspond), net of income taxes and council tax, and are after housing costs have been deducted (AHC). These AHC thresholds are the ones used in the 2010 Children and Families (Wales) Measure.

- Single adult, working-age or pensioner: £144 per week
- Couple, working-age or pensioner: £248 per week
- Lone parent, one child under 14: £193 per week
- Couple with two children under 14: £347 per week

The range of thresholds reflects the fact that larger households require more income to attain the same standard of living. Any household with an income above these thresholds is not considered in poverty. Many households in poverty have an income considerably below the threshold. The thresholds are generally below what the *Minimum Income Standard* project finds that the public judges to be the minimum income necessary for a socially acceptable life.

1.2. In-work poverty in Wales

This section looks at the group of people whom the statistics show to be in in-work poverty to see how they differ from one another using a range of characteristics such as age, sex or family work status. This way of looking at the data sheds light on whether particular sub-groups, for example, younger working-age adults, make up a large *share* of those experiencing in-work poverty. The picture it paints serves as a checklist against which policy and practice can be examined for their completeness.

For the most part, this analysis uses data at the all-Wales level. The most recent detailed data for Wales for which we have household level statistics is 2015/16. By contrast, our analysis of individuals relies on data up to 2014/15.

In-work poverty as share of total poverty

330,000 people are in-work poverty in Wales on the latest figures available: 48 per cent of the total number of people in poverty in Wales. This percentage is a couple of points down on where it was in the three years to 2012/13 but still up by seven points

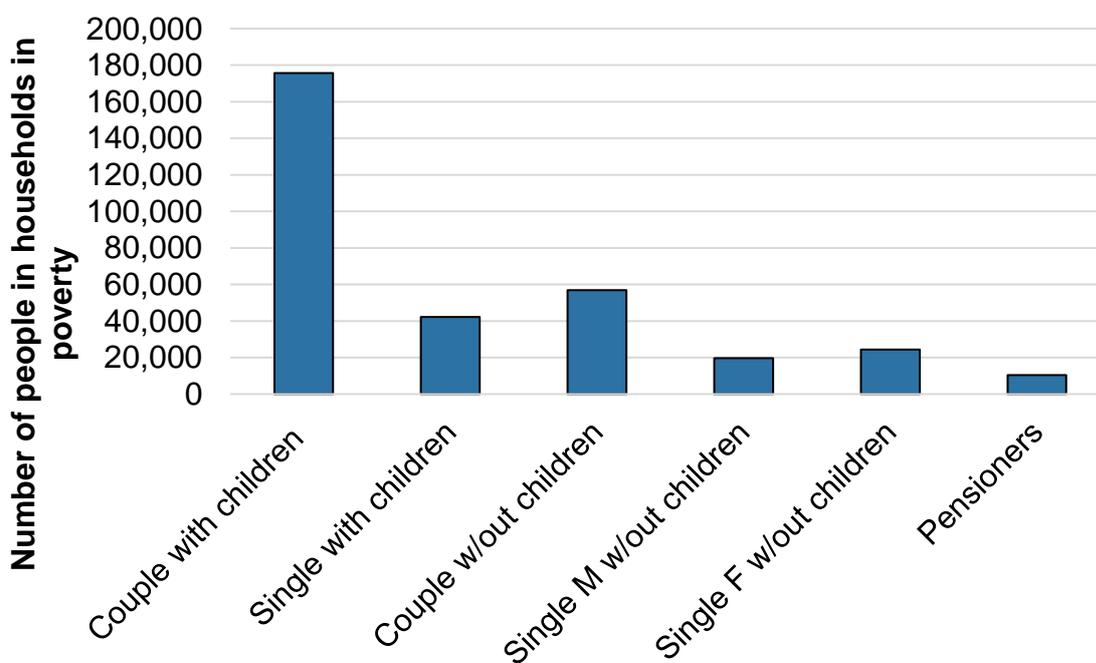
² For the three years 2012-13 to 2014-15, 25 per cent of households in Wales contained more than one benefit unit (compared with the UK average of 27 per cent). At various points throughout the report, we will note what difference it makes to the statistics if work status is measured at the level of the household rather than the benefit unit.

on the three years to 2008/09. Of that total, 108,000 are children, 7,000 are pensioners and 214,000 are adults of working-age. The pensioners may or may not be working themselves (although if not, their partner will be) but the children are certainly not. This illustrates an important point: by no means everyone in in-work poverty is working themselves. This also applies to some of the working-age adults.

Family type and age

Figure 1 shows the 330,000 according to their family type: the number of adults, whether they have children and whether they are pensioners. Over two thirds (67 per cent) of people in families in in-work poverty are families with children: 52 per cent are couples with children and a further 15 per cent are single parent families.

Figure 1: number of people in in-work poverty by family type



Source: HBAI data using three years to 2015/16

Over two thirds (67 per cent) of people are in couples – either with children or without. But almost half of all families are headed by single adults.

Adults in families without children make up just under a third of people in working poverty. Adults in couples without children make up 17 per cent of people in working poverty, and single adults without children make up 15 per cent.

Of the 214,000 working-age adults, 29 per cent are aged 36 to 45 – the largest single ten-year age group. Over half (52 per cent) are aged 36 to 55 while nearly three quarters (71 per cent) are aged 26 to 55. Contrary to what might be supposed, most adults in working poverty are neither young adults just starting out nor older adults towards the end of their working lives.

Work status and reasons for not doing paid work

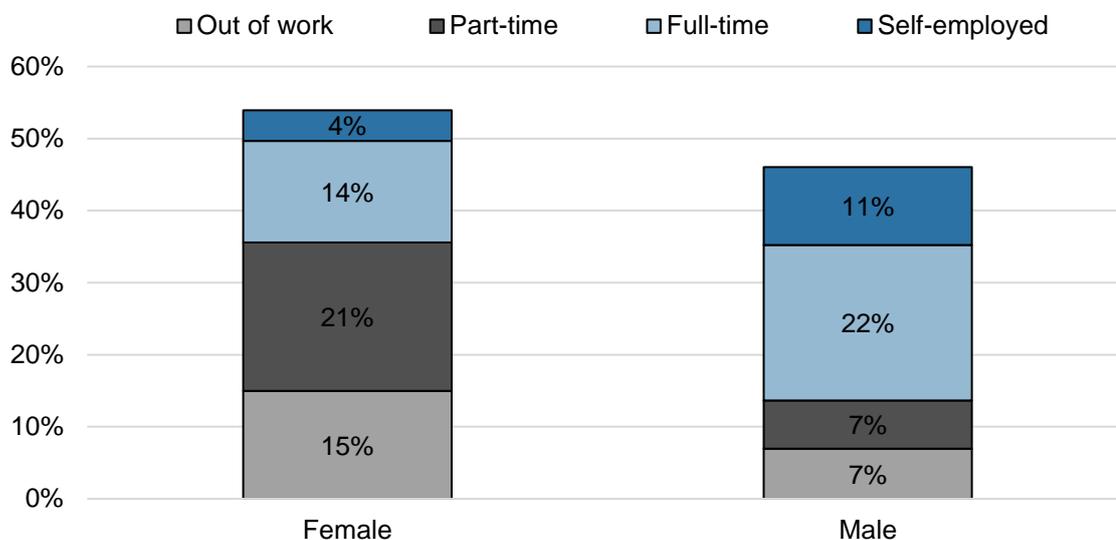
Breaking the 330,000 by the work status of the *family*, three of the four groups are about equal in size (26 per cent) while the fourth (22 per cent) is a little smaller. The four are:

- Couples where one adult is working full-time and the other adult is not working.
- Couples or singles where one (or more) are working but no one is working full-time;
- Couples or singles where everyone is working including at least one full-time;
- Couples or singles where someone is self-employed.

Of the four, only the third group as well as some in the fourth can be regarded as working to their full capacity. Most in-work poverty is therefore associated with what we call ‘part-working’ families (the first and second groups and some of the fourth).

Figure 2 shows the working-age adults in in-work poverty divided according to sex, whether employed part-time or full-time or whether self-employed. The 120,000 women – 54 per cent of the total – outnumber men by over 17,000.

Figure 2: Men and women in in-work poverty by individual work status



Source: HBAI data using three years to 2014/15

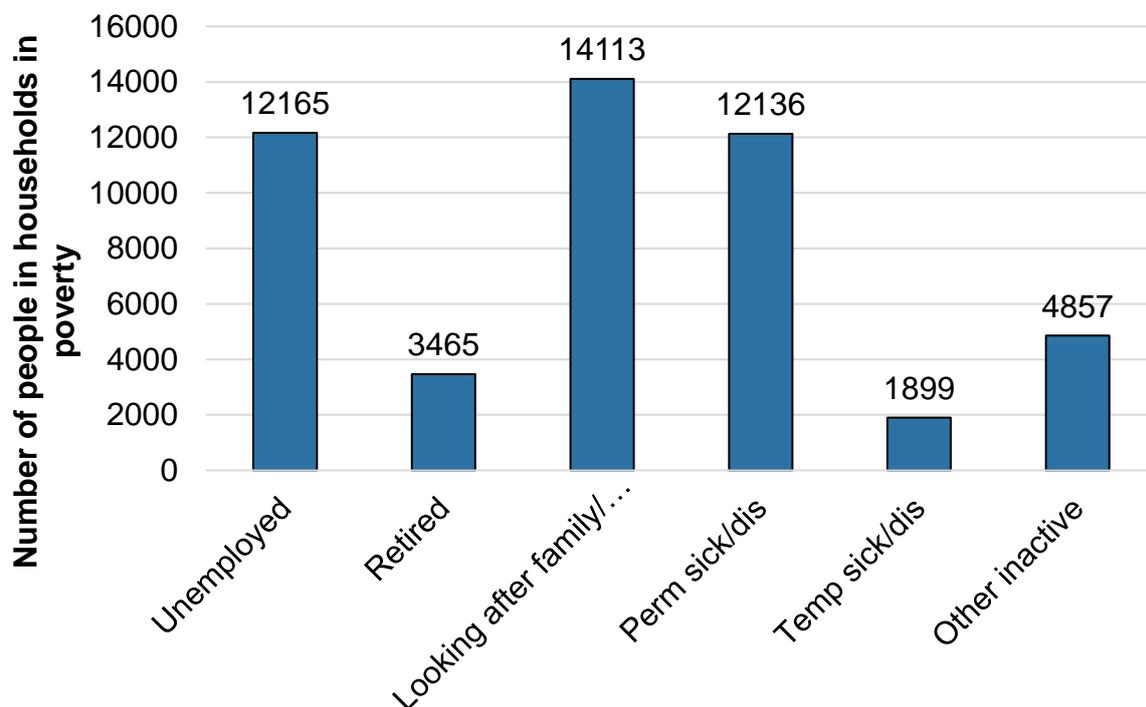
Among those in work – employed full- or part-time or self-employed – the number of men and women is almost equal (39 per cent). Leaving aside the self-employed whose hours of work are uncertain, 7 in every 10 women in in-work poverty are ‘under-employed’ (in the sense of not doing as much paid work as they could if the opportunity were available and the constraints on their hours of paid work lifted). By contrast, the comparable figure for men is about 4 in 10.

There are good reasons for ‘underworking’ – we look at this next – but it is clear that underworking by women is a very common feature of in-work poverty. This focus on women is reinforced by the wider result here that in-work poverty has a small but pronounced gender bias: more women are affected.

Figure 3 shows the 22 per cent of adults in in-work poverty who are themselves not in paid employment, by the reason they report for not working.

Figure 3: M

men and women in in-work poverty by reason for not working



Source: HBAI data using three years to 2014/15

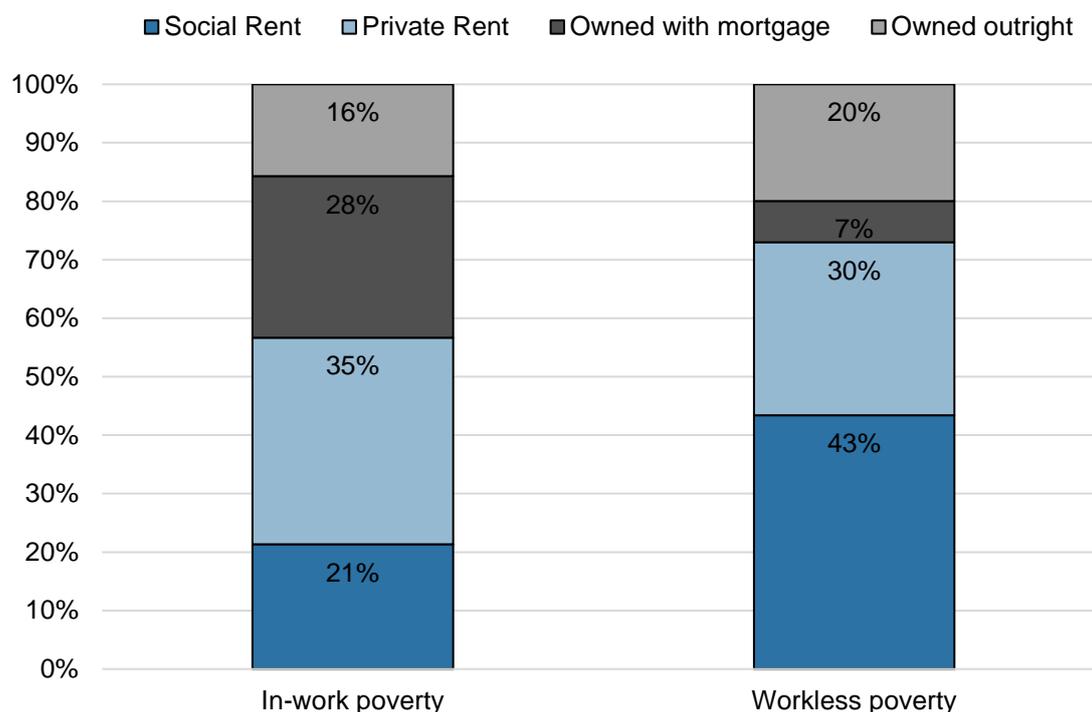
The largest group are adults who aren't able to work as they have caring responsibilities for the home or family – these people make up 29 per cent of out-of-work adults in working poverty. A further quarter are unemployed, meaning they don't currently work but are available to work. Another quarter are sick or disabled.

Housing tenure

Figure 4 shows where working-age families in poverty live, according to whether they are in a working household or a workless household.

The most striking difference between these two groups is the high proportion of adults in workless households who live in the social rented sector: 43 per cent. In contrast, just 21 per cent of adults who live in a working family live in a socially rented home. About a third of each group live in the private rented sector.

Figure 4: Proportions of working age adults in poverty by housing tenure



Source: HBAI data using three years to 2015/16

28 per cent of adults in working families live in a home with a mortgage. The comparable figure for adults in workless families is 7 per cent. However, adults in workless families are also more likely to live in a home that is owned outright – 20 per cent, compared to 16 per cent of adults in working households. 43 per cent of adults in working families own their property or are paying off a mortgage; the combined figure for adults in workless families is 27 per cent.

If we consider the relative precariousness of these different housing types – with social housing and owning a home outright being relatively more stable than either renting in the private rented sector or paying off a mortgage, a far higher proportion of adults in workless households live in a more secure tenure.

63 per cent of adults in a workless family live in social housing or already own their home. For adults in working families this falls to just 37 per cent.

1.3. Analysis and wider implications of in-work poverty

In this section, we briefly review of some other research findings on in-work poverty.

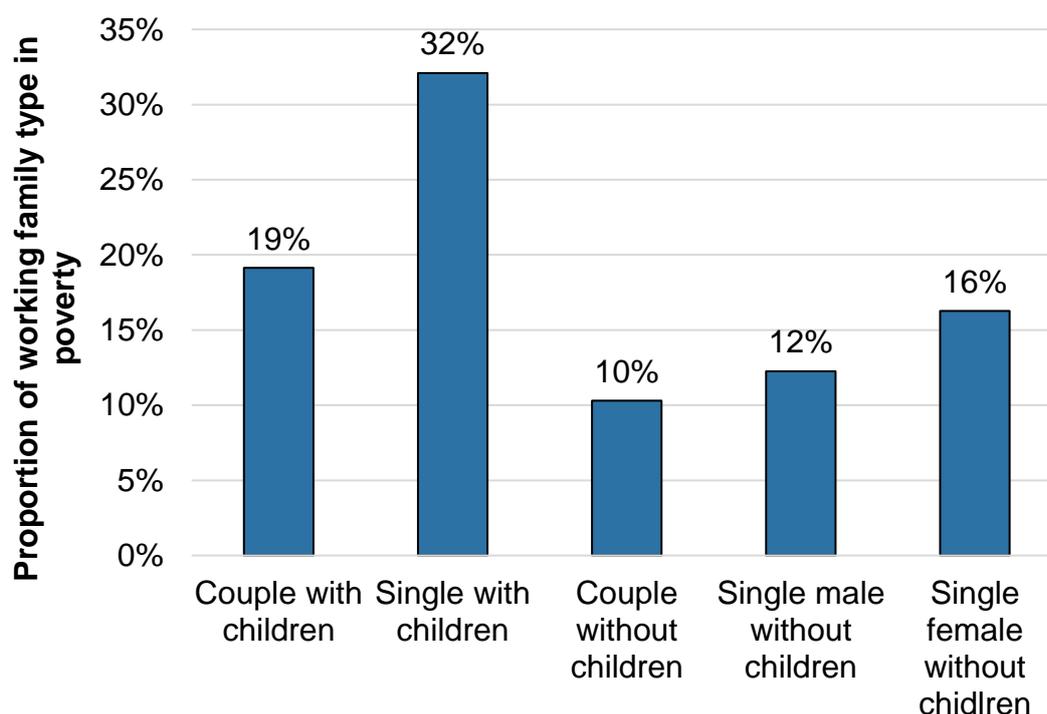
Low pay, work intensity and duration of in-work poverty³

While low pay and in-work poverty are linked, they are not the same. Low pay increases the risk of poverty but the relationship is complex. Someone on average hourly earnings can still be in poverty. Someone else on the minimum wage can be out of it. Small increases to a low paid individual's earnings (if they are the sole earner in a household with children) may not be sufficient to lift them out of poverty.

Most people in the UK with low hourly pay are not in poverty: they either work enough hours as a family or have an additional earner in the family who earns enough to move total income above the poverty line. If social security protections increase their household income sufficiently they will also be protected from poverty.

Rather than low hourly pay, it has been argued that it is the intensity of work that is the primary factor putting people at risk of poverty. Figure 5 shows how the risks of in-work poverty vary according to family type.

Figure 5: people in working families in in-work poverty by family type



Source: HBAI data using three years to 2015/16

Lone parent families face by far the highest risk: 32 per cent. They are followed by working couples with children (19 per cent) and single female families (16 per cent).

³ In this section we draw on work by Hick and Lanau (2017), Marx and Nolan (2012) and (McKnight et al 2016), as well as our own analysis.

It is no surprise that low hourly pay and low work intensity come together to mean that the highest risks of in-work poverty are faced by single (female) earner families, both with and without dependent children, as well as couple families with children.

Movement in and out of in-work poverty is more common than movement in and out of poverty in general. The risk of moving into in-work poverty is greatest for single earner households. Families experiencing in-work poverty can escape either by increasing their income and leaving poverty altogether, or by leaving work and entering workless poverty.

Over half of families who were in working poverty one year had left by the next year. Most had left by increasing their earnings. People in in-work poverty are three times as likely to become workless as working households not in in-work poverty, suggesting a weak attachment to the labour market. The majority of entries into working poverty were due to reduced earnings, either by a household losing an earner, or by an earner working less hours or receiving less pay per hour.

For workless households entering work, a quarter will not escape poverty but instead enter in-work poverty. Ray et al. (2010) tracked a group of low paid workers to understand the interactions between family life, pay, work, and worklessness. They found that entry and progression is often not a straightforward trajectory. For people who experienced temporary or repeatedly broken employment, increasing pay levels sufficiently to leave poverty was more difficult. Income gains made from periods in work could be siphoned off to service debt accrued when out of work, and frequently changing circumstances affected benefit payments.

Precariousness: destitution and debt⁴

In research into the risk factors associated with destitution (an extreme form of poverty defined as not being able to meet essential needs such as food, shelter or clothing), being in work but low paid was cited as a factor that both impeded people's abilities to meet their everyday needs, and chronically depleted their capacity to withstand income shocks or to meet unexpected costs. Wage levels too low to allow people to build up savings were cited as a long term chronic driver of destitution which leaves them with no resilience to a sudden financial shock.

As well as wage levels, precarious working arrangements such as not having guaranteed hours of work (through zero-hours contracts, temporary contracts or self-employment) were associated with an increased risk of destitution. Having a highly variable income affects people's ability to budget for predictable outgoings and save for unexpected outgoings, leads to people being unable to meet their cost of living, and having turning to food banks or other emergency support mechanisms. Citizens

⁴ In this section we draw on work by Barker et al (2018) and Hardy and Lane (2017).

Advice reported on the large numbers of people facing unpredictable incomes without sufficient financial resilience to bridge the gap themselves.

Households with volatile income often turn to borrowing to cover essentials, using an overdraft to pay for food, bills or housing costs, or taking out a loan for unavoidable purchases such as white goods. 25 per cent of people with unpredictable incomes had used an overdraft to pay for essentials (this figure is 10 per cent for people with stable incomes). They are twice as likely as people with predictable incomes to pay overdraft charges. People with volatile incomes are five times as likely as people with stable incomes to use high cost credit.

Research has highlighted that people's inability to meet their cost of living is not simply for want of trying; rather it is a complex interplay between variable income and rising costs.

1.4. Summary and conclusion

Our evidence is consistent with the wider research finding that in-work poverty is a combination of low hourly pay and low work intensity but it also goes further, in two ways. First, women's engagement with the labour market – to be understood here as work that is paid – is critical. In particular:

- More women than men experience in-work poverty (figure 4).
- Nearly three quarters of women experiencing in-work poverty are 'underworking' (not doing paid work full-time – figure 4).
- Among working families, those with children and those headed by a single woman (with and without dependent children) face the highest risks of in-work poverty (figure 7).

Second, roles which continue to be more likely to be carried out by women are disproportionately associated with in-work poverty.

- Two thirds of people in families in in-work poverty are parents and their dependent children (figure 2).
- Four fifths of non-working adults in in-work poverty (excluding those actively looking for work) give caring for family or being sick or disabled as the reason for not working (figure 5).

2. In-work poverty in Gwynedd

The official statistics on in-work poverty discussed in chapter 1 are only reported at the Wales level. Examining in-work poverty for Communities First and other areas *within* Gwynedd requires a different approach. This chapter uses administrative data on housing benefit and tax credit receipt, as well as a census-based poverty estimate, to do so.

2.1. In-work poverty across Gwynedd as a whole

Previous research has used administrative statistics on benefit receipt as proxy measures for patterns in poverty. If a characteristic is relatively more prevalent in a local authority than in a reference area, we assume this is also reflected in the composition of the population in poverty in that area. For example, research for the Hammersmith and Fulham Poverty and Worklessness Commission judged that as housing benefit claimants in the borough were more likely to be social renters and without paid work than housing benefit claimants in London as a whole, this is likely to be reflected in the nature of poverty experienced in the area.

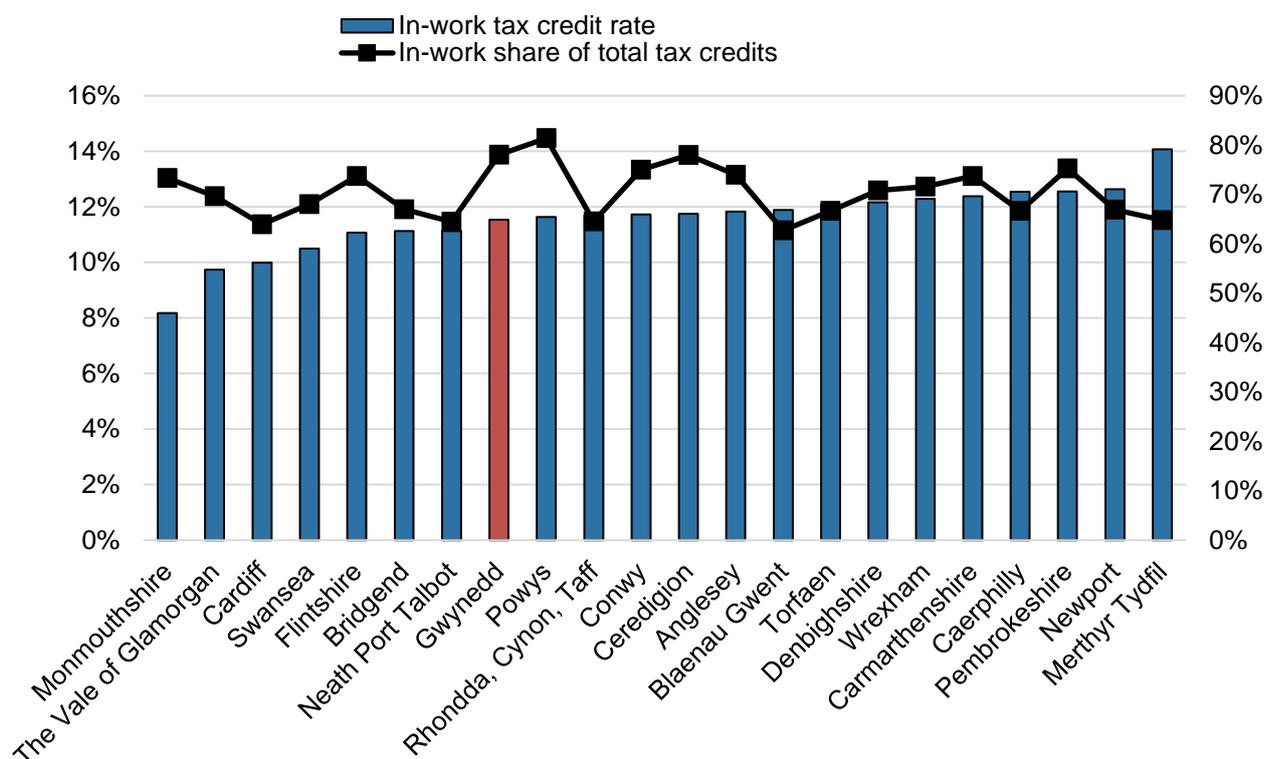
This approach has limitations: for example, there may be systematic differences in who does or does not claim a particular benefit between an area and the reference region which could distort the findings. There are also limitations in coverage for the different benefits available, e.g. housing benefit cannot be claimed by owner-occupiers.

Tax credits and housing benefit: Gwynedd and Wales

There are two potential ways of exploring in-work poverty in Gwynedd. The first is whether in-work poverty as a proportion of the overall population in Gwynedd is relatively high. The second is whether in-work poverty makes up a relatively high share of overall poverty. It is possible for an area to have, for example, a low poverty rate overall, but in-work poverty making up a high share of that figure.

Figure 6 looks at this using tax credit statistics. The left-hand axis shows the proportion of households in each Welsh local authority receiving in-work tax credits. The right-hand axis shows the proportion of families receiving tax credits that are in work.

Figure 6: Risk and prevalence of in-work tax credit receipt

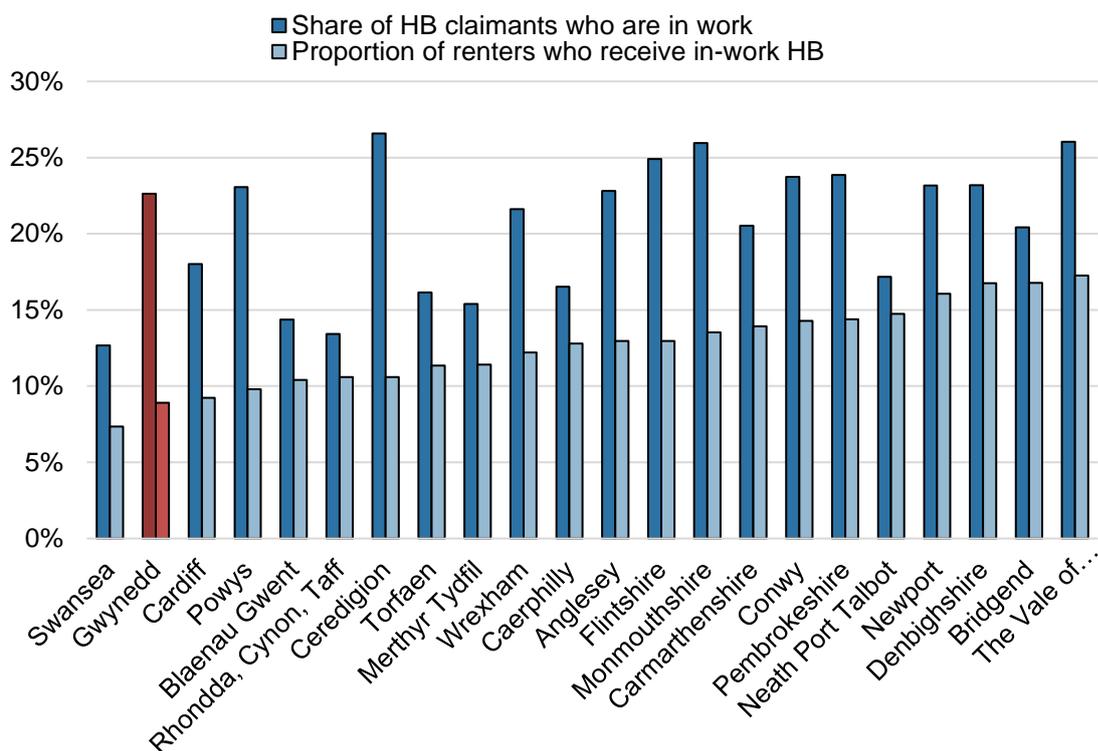


Source: Personal tax credits: finalised award statistics - small area data (LSOA and Data Zone) 2015 to 2016, HMRC; Mid-year small level population estimates, ONS.

In 2015/16, 11.5 per cent of families in Gwynedd were receiving in-work tax credit support. This is almost the same as the Wales average of 11.4 per cent, implying that the level of in-work poverty on this basis is also close to the national average. On this measure, Gwynedd ranks 15 out of 22 authorities, although many have a very similar figure. Where Gwynedd stands out is that 78 per cent of those receiving tax credits are in working families. This is the second highest proportion in Wales after Powys which, the coastline aside, has a similar geography to Gwynedd.

This is echoed in figure 7, which shows receipt of housing benefit for those of working-age, although the pattern for Gwynedd is not as strong. Nine per cent of working-age renters in Gwynedd were receiving housing benefit while in work, the second lowest proportion in Wales. The share of housing benefit claimants who are in working families is relatively higher than this, at 23 per cent, the 11th highest figure in Wales. On this measure again, the risk of in-work poverty is relatively low in Gwynedd, but among those in poverty, they are more likely to be in work than elsewhere. This has implications on the relative priority of reducing in-work versus out-of-work poverty in the county compared to many other authorities in Wales.

Figure 7: Risk and prevalence of housing benefit receipt



Source: Housing Benefit statistics via Stat Xplore, November 2017, DWP; Mid-year small level population estimates, ONS.

A single estimate of in-work poverty in Gwynedd

The ONS provides estimates of overall poverty (regardless of work status) at the middle-layer super output area, around 7,500 people. Aggregating up gives an overall poverty rate in Gwynedd of 22.3 per cent, equivalent to 27,200 people in 2013/14. This makes Gwynedd the average local authority for poverty in Wales (11th out of 22) with a poverty rate one percentage point below the all-Wales average.

If Gwynedd looked like the rest of Wales for in-work poverty, we would expect 49 per cent of these people to be in a working family: 13,300. But Gwynedd looks different from the rest of Wales in several ways. Based on the Census, Gwynedd has more renters than the Wales average (30 per cent of households, compared with 26 per cent). It also has more self-employed workers (23 per cent of households, compared with 16 per cent). Both are associated with higher in-work poverty.

Using shares of these characteristics drawn from the Census and the proportions of these characteristics in poverty for Wales allows an estimate of 55.7 per cent of people in poverty in Gwynedd in a working family: seven percentage points higher than the Wales average. Tax credit statistics show an in-work share for Gwynedd eight percentage points higher than for Wales. The similarity to our estimate gives it support from a source which reflects Gwynedd's lower earnings.

In summary, therefore:

- Proportion of people in poverty in Wales in working families: 48.8 per cent
- Proportion of people in poverty in Gwynedd in working families: 55.7 per cent
- Number of people in poverty in Gwynedd in working families: 15,100.

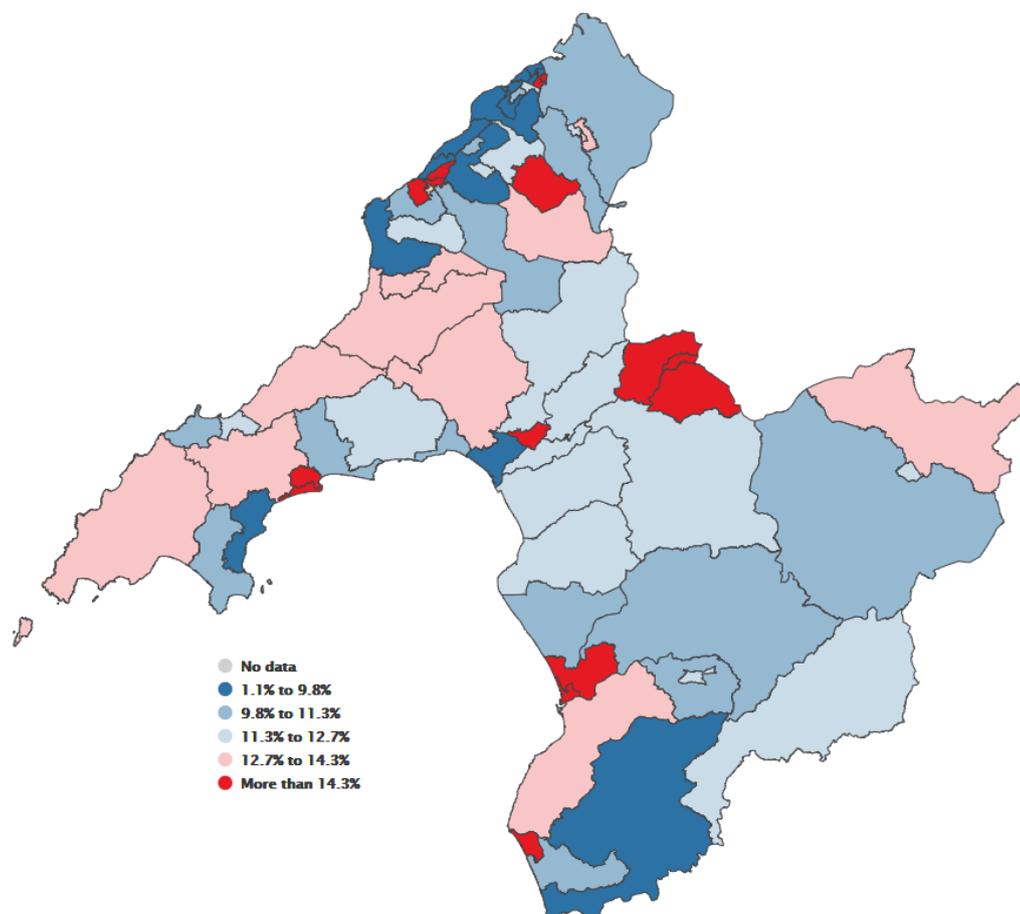
2.2. Variation in in-work poverty within Gwynedd

This section examines how in-work poverty varies across Gwynedd. It too draws on housing benefit and tax credit statistics at low levels of geography.

Variations in in-work tax credit receipt

Figure 8 maps the proportion of households receiving tax credits in August 2015 while in work by Gwynedd. These vary from 1.1 per cent to 20 per cent.

Figure 8: Proportion of households in Gwynedd receiving tax credits while in work



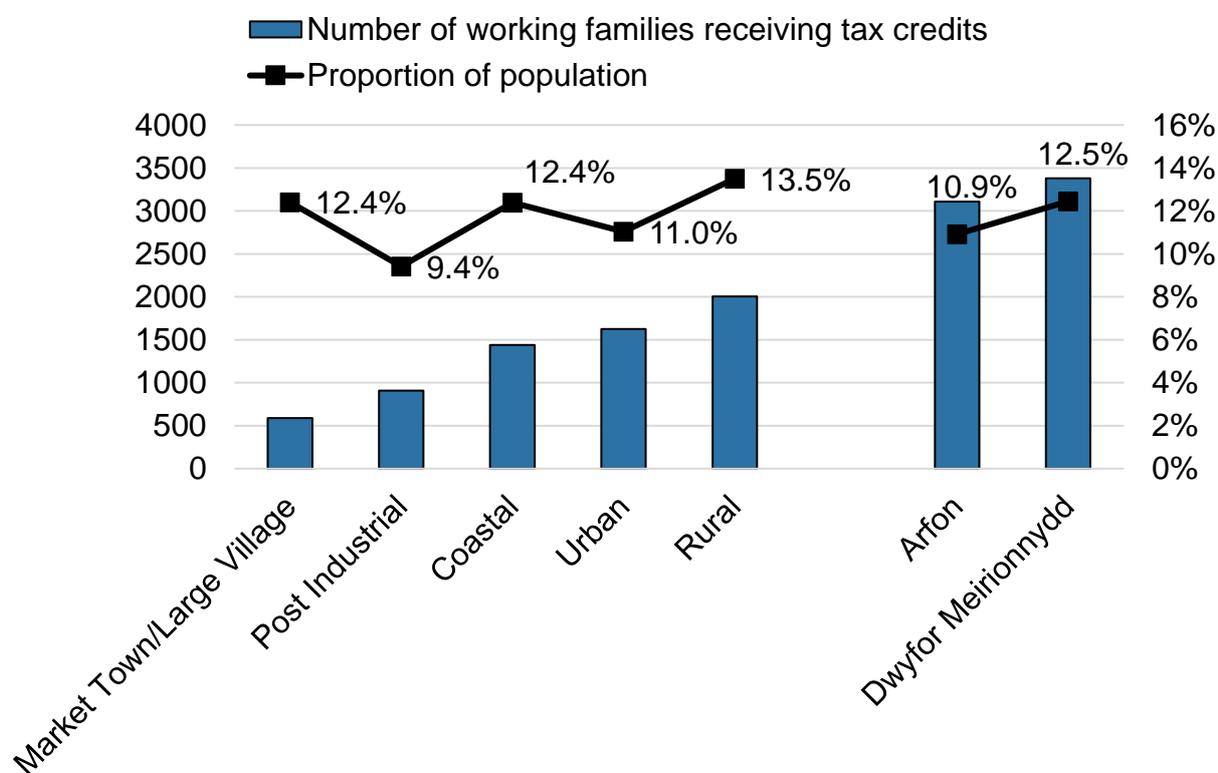
Source: Personal tax credits: finalised award statistics - small area data (LSOA and Data Zone) 2015 to 2016, HMRC; Mid-year small level population estimates, ONS.

The darkest red parts of the map indicate where working tax credit receipt is the highest share of the household population, and there are a few clusters around Bangor and Caernarfon (both Communities First areas), Pwllheli and Barmouth. These are generally a mix of area types: mostly urban, but with coastal and post-industrial areas as well. There is also a cluster of high risk around Blaenau Ffestiniog.

One in ten LSOAs in the county have a receipt rate of 8.2 per cent or below. At the other end, one in ten have a receipt rate of 15.2 per cent or more. The areas with the lowest rates of in-work tax credit receipt are generally on the coast between the Communities First areas of Bangor and Caernarfon.

Figure 9 looks at the number of working families receiving tax credits by the type of area. Even though the individual LSOAs with the highest proportion receiving tax credits are in urban areas, it is rural areas that have both the highest number (just over 2000 working families) and the highest proportion (13.5 per cent). The area type with the second highest risk are market towns and large villages and coastal, both at 12.4 per cent. The second largest number of working families receiving tax credits are in urban areas, around 1,600 or 11 per cent of those living in such areas.

Figure 9: Number and proportion in receipt of tax credits by area



Source: Personal tax credits: finalised award statistics - small area data (LSOA and Data Zone) 2015 to 2016, HMRC; Mid-year small level population estimates, ONS.

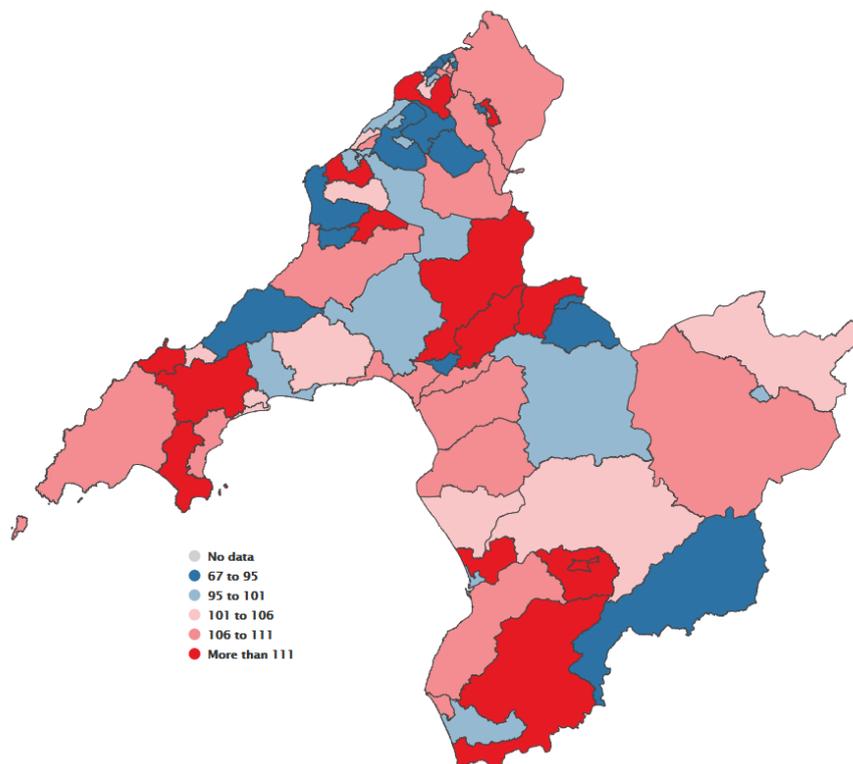
Overall, this means that 31 per cent of working tax credit claimants in Gwynedd are in rural areas, and 25 per cent are in urban areas.

At a constituency level, Dwyfor Meirionnydd has both more in-work tax credit claimants and a higher proportion of families receiving tax credits while in work. 12.5 per cent of families, 3,380 in total, in Dwyfor Meirionnydd are in this position, compared to 3,110 or 11 per cent in Arfon.

Figure 10 looks at the tax credit statistics in a different way, comparing the number of families claiming them who are in-work with the number claiming them who are not working. This is examined relative to the county average (expressed as 100). Areas on the map in blue have a below-county average for their share of working tax credits, and areas in red have an above average share.

The share of families receiving tax credits who are in work ranges in Gwynedd from 53 per cent to 94 per cent. In contrast to figure 10, where three of the five top ranked LSOAs were urban, the top five LSOAs on this measure are rural, coastal, and market towns and large villages.

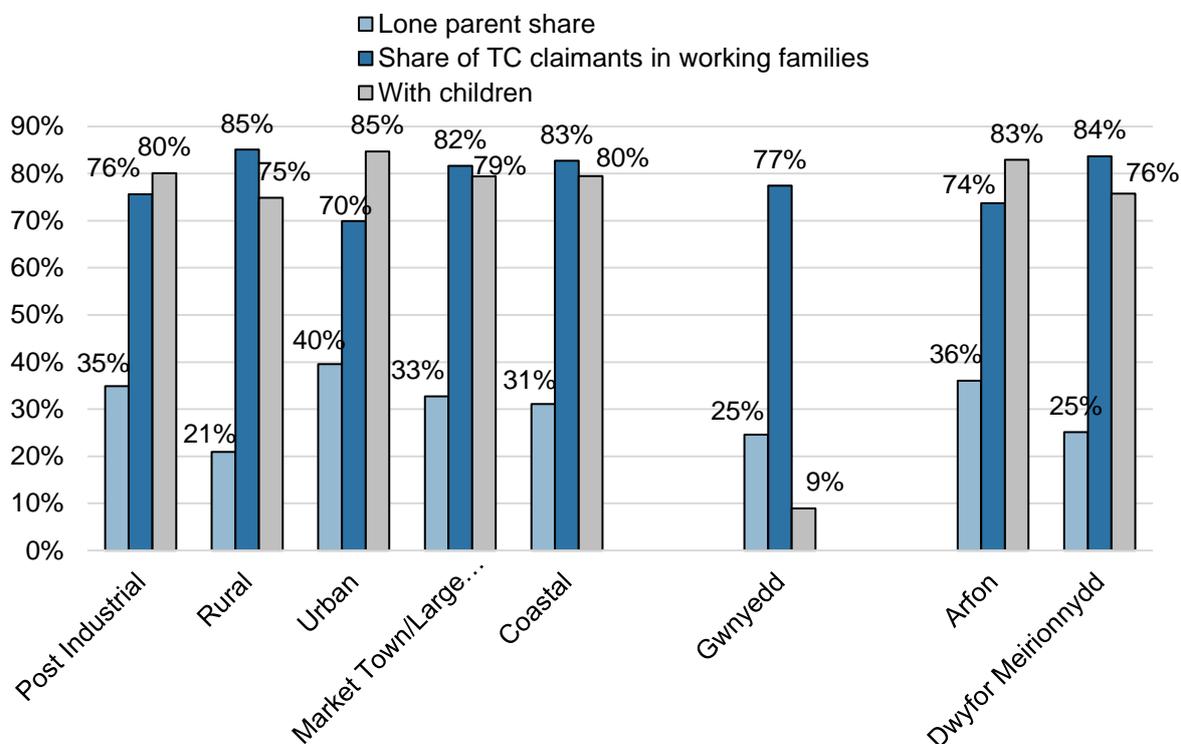
Figure 10: Share of tax credit claimants who are in work (Gwynedd = 100)



Source: Personal tax credits: finalised award statistics - small area data (LSOA and Data Zone) 2015 to 2016, HMRC; Mid-year small level population estimates, ONS.

Figure 11 shows these share-based statistics for different types of areas in Gwynedd. The graph has the share of all tax credit recipients who are in work, and then the share of those in work with children in the family or are lone parent families.

Figure 11: Proportion of tax credit claimants in work and working lone parent and with children families



Source: Personal tax credits: finalised award statistics - small area data (LSOA and Data Zone) 2015 to 2016, HMRC; Mid-year small level population estimates, ONS.

The largest contrasts are between urban and rural areas. Families receiving tax credits in rural areas are the most likely to be in work, at 85 per cent, with urban the least likely at 70 per cent. Rural areas also have the lowest share of families with children claiming tax credits while in work (75 per cent), with urban areas having the highest at 85 per cent.

40 per cent of those receiving tax credits while in work in urban areas are lone parents, the highest of any area type. In rural areas, this figure is only around half that, at 21 per cent. This, and the lower share of families with children, suggests that the rural in-work poor population may skew slightly older than more urban parts of the county. Statistics on age are not available for tax credits at this level but are available for housing benefit, which is discussed in the next section.

Arfon has a higher share of claimants receiving in-work tax credits who are lone parents, 36 per cent, compared to Dwyfor Meirionnydd at 25 per cent. Arfon also has more in-work tax credit claimants with children (83 per cent to 76 per cent). Dwyfor

Meirionnydd has a higher share of tax credit claimants that are in work (84 per cent) than Arfon (74 per cent).

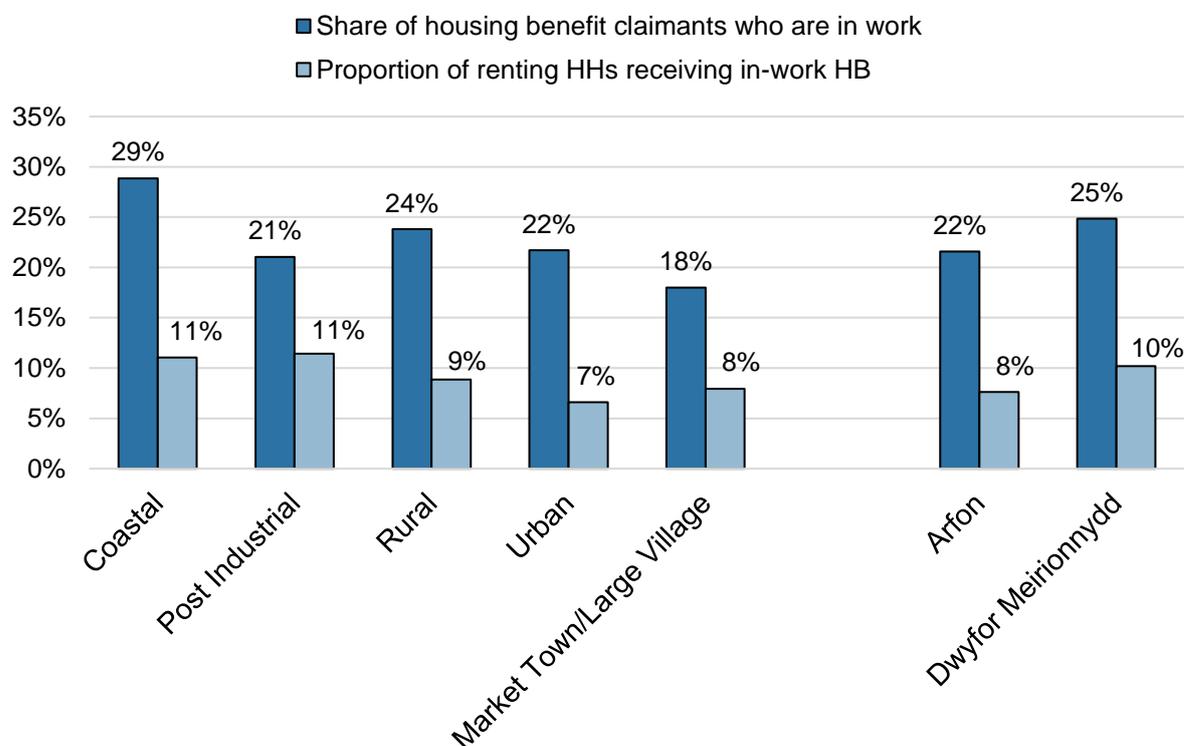
Variation in in-work housing benefit receipt

This section uses administrative statistics on housing benefit – which can only be claimed by tenants – to validate the findings from the tax credits section, as well as add additional demographic information.

23 per cent of working-age housing benefit claimants in Gwynedd are in work, compared to 19 per cent in Wales as a whole. Figure 12 looks at these statistics by the area classification and the two parliamentary constituencies. For each area, it shows the proportion of working-age housing benefit claimants who are in work, and the proportion of renting households receiving housing benefit while working.

The urban/rural distinction seen in the tax credit statistics is less pronounced but still visible. Coastal is the area type with the highest proportion of claimants in work, at 29 per cent, followed by rural at 24 per cent. Overall, 11 per cent of renters in coastal areas are claiming housing benefit while in work. By contrast, 22 per cent of housing benefit claimants in urban areas are in work but only 7 per cent of renters receive housing benefit and are working.

Figure 12: Risk and prevalence of in-work housing benefit receipt

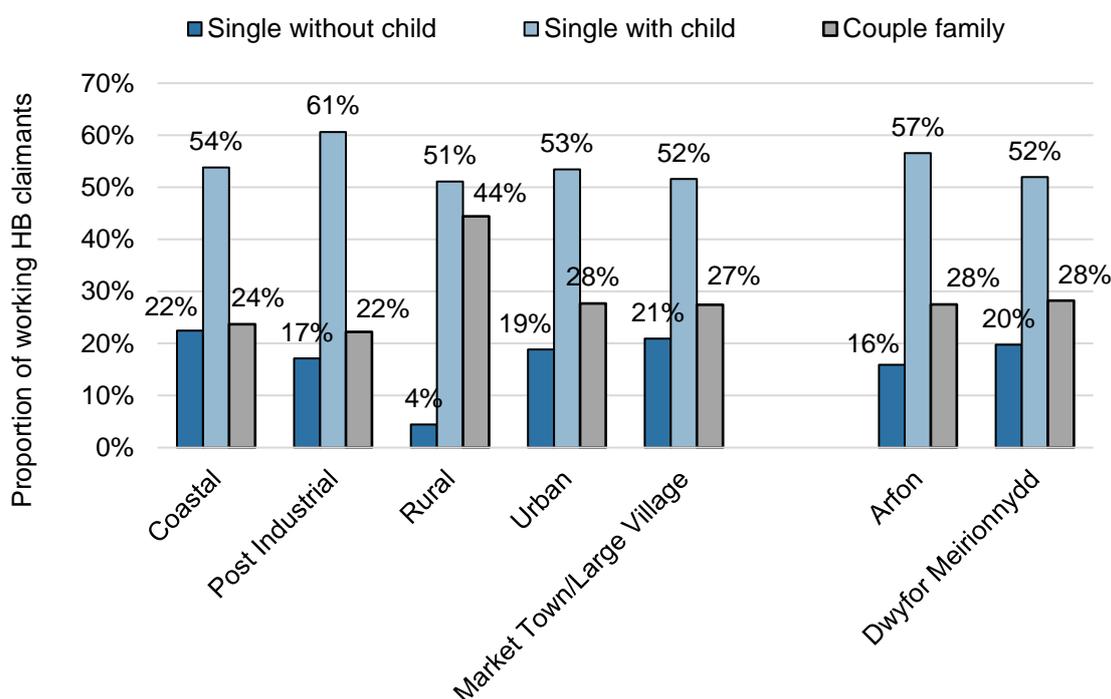


Source: Housing Benefit statistics via Stat Xplore, November 2017, DWP; Mid-year small level population estimates, ONS.

Arfon, as a more urban area, has a lower share of housing benefit claims who are in work than Dwyfor Meirionnydd (22 per cent to 25 per cent), and a lower proportion of renters who receiving housing benefit while working (8 per cent to 10 per cent). As in the tax credit statistics, more rural areas appear to have both a higher share and a higher proportion of in-work disadvantage than urban areas.

Figure 13 shows working-age HB claimants who are in employment by family type: whether they are a lone parent, couple family (with or without children), or single without children. Lone parent families are the largest single group of claimants, over half in each area. This ranges between 51 per cent to 61 per cent for most areas, and then 61 per cent in post-industrial areas. Lone parents are heavily represented in part because the social security system adds additional allowances for children, and because there is only one source of earnings. Despite this, in 2011, lone parents made up only 16 per cent of families in Gwynedd, with 63 per cent in employment.

Figure 13: Share of working HB claimants by family and area type



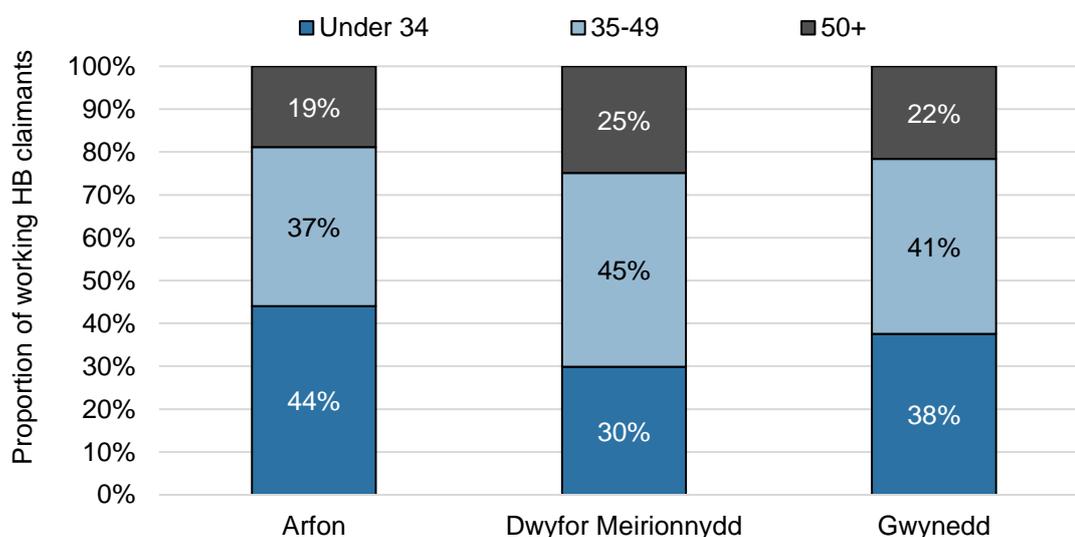
Source: Housing Benefit statistics via Stat Xplore, November 2017, DWP; Mid-year small level population estimates, ONS.

Of the other family types, couples and single adults without children, most of the area types are quite similar. Rural areas are the exception, with a much higher share of couple families (44 per cent compared to 21 to 28 per cent) and a much lower share of single adult family types (4 per cent compared to 17 to 22 per cent).

Between the two constituencies, Arfon has a slightly lower share of in-work tax credit claimants in single adult without children families (16 per cent to 20 per cent) and a slightly higher share of lone parent families (57 per cent to 52 per cent).

Data disclosure rules mean that information on the age of working claimants of housing benefit is only available for Gwynedd and for the two constituencies. Figure 14 shows there are roughly equal proportions of under 34s and 35-49s in working claiming housing benefits in Gwynedd, at 38 per cent and 41 per cent of the total respectively. Just over a fifth of claimants in the county are over 50.

Figure 14: Working housing benefit claimants by age

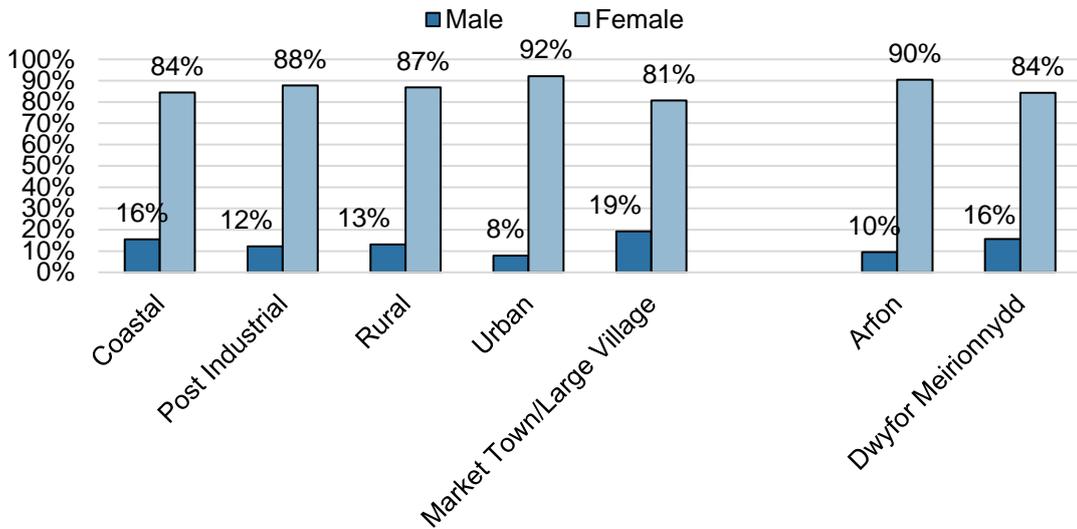


Source: Housing Benefit statistics via Stat Xplore, November 2017, DWP; Mid-year small level population estimates, ONS.

Comparing the two constituencies, Arfon has a larger share of younger working HB claimants (44 per cent compared to 30 per cent) whereas Dwyfor Meirionnydd has larger shares of both working HB claimants over 50 (25 per cent, compared to 19 per cent) and 35-49s (45 per cent to 37 per cent). Compared with Wales overall, working claimants of HB in Gwynedd are older on average: 60 per cent are 25 to 44 in Gwynedd compared with 66 per cent for Wales.

Figure 15 looks at working-age housing benefit claimants by sex. Working housing benefit claimants in Gwynedd are overwhelmingly women. This analysis excludes those in couples. The female proportion varies from 82 per cent in market towns and large villages to 92 per cent in urban areas. The working HB claimant population is more male in Arfon at 16 per cent, compared to 10 per cent in Dwyfor Meirionnydd. This may reflect the prevalence of lone parents claiming housing benefit. Across Gwynedd, men make up 15 per cent of working, working-age housing benefit claimants (compared with 12 per cent for Wales).

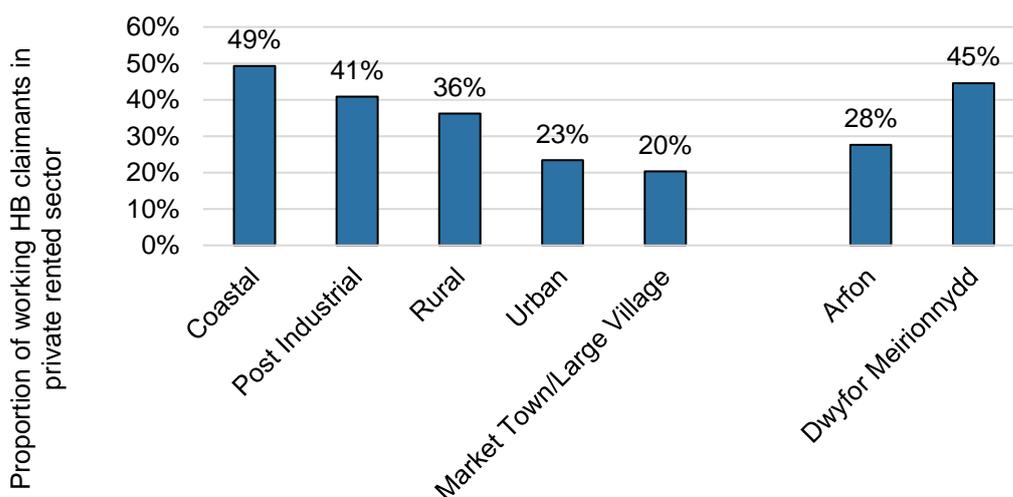
Figure 15: Working housing benefit claimants by sex by area type



Source: Housing Benefit statistics via Stat Xplore, November 2017, DWP; Mid-year small level population estimates, ONS.

Figure 16 shows the proportion of working, working-age housing benefit claimants living in the private rented sector. For Gwynedd as a whole, most working housing benefit claimants are in the social rented sector, 65 per cent. A majority are in the social rented sector in every type of area in the county, although 49 per cent are in the private rented sector in coastal areas, compared with 23 per cent in urban areas. In line with this, a much larger proportion of working HB claimants are in the private rented sector in Dwyfor Meirionnydd (45 per cent) than Arfon (28 per cent).

Figure 16: Housing tenure for working housing benefit claimants



Source: Housing Benefit statistics via Stat Xplore, November 2017, DWP; Mid-year small level population estimates, ONS.

Comparisons across Communities First areas

Figure 17 looks at the difference between the most recent Communities First (CF) areas, those that were previously CF areas, and those that have never been.

Figure 17. Analysis of Communities First areas

		Communities First areas	Past Communities First areas	Non-CF areas
Proportion of all renting households claiming in-work housing benefit		14%	14%	7%
Proportion of households receiving in-work tax credits		16%	15%	11%
Proportion of working housing benefit claimants who...	...live in the private rented sector	6%	45%	40%
	...are a single adult without children	18%	19%	17%
	...are a lone parent	52%	56%	55%
	...are in a couple family	30%	25%	28%
	...male	9%	23%	11%
	...female	91%	77%	89%
Proportion of tax credit claimants who...	...are in work	62%	82%	81%
	...are a lone parent	40%	28%	30%

The population risk of in-work poverty appears higher in both recent and previous CF areas than in non-CF areas, with little difference between recent and previous areas. 14 per cent of renting households in recent and previous CF areas receive housing benefit while working, almost twice the proportion in non-CF areas. The proportion of all households receiving in-work tax credits is higher in recent (16 per cent) and previous (15 per cent) CF areas than in non-CF areas (11 per cent). This difference is not as pronounced as for housing benefit.

There are few demographic differences between the three areas. A higher than average share of in-work tax credit claimants in recent CF areas are lone parents, but this is not reflected in the housing benefit demographic statistics. Previous CF areas have a higher male share than recent or non-CF areas, at 23 per cent compared to 9 per cent and 11 per cent respectively from housing benefit statistics.

One notable difference is that recent CF areas have a much lower share of working HB claimants who live in the private rented sector, only 6 per cent compared to 40 to 45 per cent in the other two areas types. In-work disadvantage for renters is much more concentrated in the social rented sector in recent CF areas.

Overall, 62 per cent of households claiming tax credits in recent CF areas are in work. This is a lower proportion than past CF areas (82 per cent) and non-CF areas (81 per cent). As discussed above, the risk of in-work poverty is higher in recent CF areas than non-CF areas. But as out-of-work poverty also appears higher, in-work disadvantage appears as a smaller share of the total. Past CF areas, in contrast, have both a high risk and a high share of in-work disadvantage, suggesting relatively low out-of-work disadvantage.

2.3. Summary and conclusions

Most people in poverty in Gwynedd are in a working family. Overall levels of poverty in the county are low to middle relative to Wales on the basis of administrative data, but an above-average share is in work.

- There were an estimated 15,100 people in working families in poverty in Gwynedd in 2013/14, equal to 55.7 per cent of all people in poverty in the county. For Wales as a whole, this figure is 48.8 per cent. These 15,100 are 12.4 per cent of all people in Gwynedd.
- The main drivers of the higher in-work poverty share relative to Wales are higher self-employed, and to a lesser extent, higher levels of renting in Gwynedd.
- Generally, the rural areas in Gwynedd have the highest rates of in-work disadvantage, although some of the highest for specific areas are in urban areas.

- A higher proportion of poverty in rural areas is in-work poverty, although because of the relatively small populations, a rural area with a lot of in-work poverty may have fewer people in this situation than an urban area with relatively little in-work poverty.
- There are demographic differences in the composition of those in in-work poverty between different geographical areas. The most pronounced differences are usually between rural areas and the rest. Rural areas generally have an in-work composition that is older, with fewer lone parents and single adults. They are the least likely to have children in the family.

3. Guidance on priority areas and how to respond

3.1. Objectives and the role of the local authority

In this chapter we consider what the local authority could do to support those experiencing in-work poverty in Gwynedd. At its heart is a write-up of what a small number of local interviewees have told us about the problems being faced by low income, working families in Gwynedd. This is organised under four sub-headings with some reflections of our own on how the local authority might respond. These should not be thought of as recommendations but rather as a starting point for discussions, both within the council and with others.

Objectives

When looking at what can be done to support people experiencing in-work poverty, it is vital not to slip into thinking that the only things worth considering are those that allow an *escape* from in-work poverty. At least at the local level, this would be too limited – for two reasons. The first is that *improving* the situation of families even while they remain in in-work poverty is always worthwhile. Too strong a focus on escape risks overlooking *small* things that can still make a difference. Improvements do not only have to take the form of money: more time, and more flexibility around time, are worthwhile too.

Second, working families with only a low income can be in quite a precarious position. Not only might they lose work, but weakened by chronic low income, they risk destitution if debt spirals out of control or if an unexpected event like a spell of serious illness strikes. Actions that can prevent things from getting worse are therefore also relevant.

We therefore recommend that the council should allow itself two objectives when looking at what can be done about in-work poverty in Gwynedd, namely to:

- Increase the financial and non-financial resources of those in in-work poverty, whether this allows them to escape in-work poverty or not.
- Protect those in in-work poverty from falling into destitution, from spiralling debt or instability originating in the social security system.

Ways in which a local authority can influence in-work poverty

A review of policy proposals towards in-work poverty carried out as part of the background for this research shows that the bulk of recommendations are targeted at employers. This workplace focused agenda sees a local authority playing two

roles. The first is by setting a standard as an anchor institution. The second is by spreading standards, including through its procurement practices, and supporting employment more generally through its role within economic development.

But the *employer* is not the only actor capable of making a difference. Working a few extra hours each week is obviously one direct response to in-work poverty. While it is down to the employer to offer the hours, is the employee in a position to work longer if the opportunity presents itself? If not, what is it that is holding them back? A lack of affordable childcare is certainly one factor, it too is not the whole story because children are not the only people who need caring for: elderly relatives and friends, too, can require a regular commitment. Research we undertook for the Joseph Rowntree Foundation in 2016 confirmed the link between informal (unpaid) care of this sort and poverty.⁵ For another, it need not be just a simple choice between working for pay and raising children; rather, it might be a matter of helping people to be able to do both. Proposals for better access to services, ranging from public transport to opening hours, especially for health services, contribute here. The local authority's role as procurer, provider and coordinator of local services is therefore a third way in which it can have impact on in-work poverty.

Finally, as a collector of tax, the local authority also has a direct financial relationship with families in poverty. As the work on destitution shows, local authority practice around debt collection (including coordination with the utility companies) can be critical to preventing families slipping into destitution.

In summary, there are at least four ways in which a local authority can have an impact on in-work poverty, in its roles of: employer; local leader (including support for economic development) and setter of employment standards; provider, procurer and coordinator of local services; local tax collector and debt manager.

3.2. Problems facing low income working families in Gwynedd

In this section, we report what five local interviewees told us about the problems experienced by working families with low income in Gwynedd. As noted above, the small number of interviews conducted mean that the findings can only be treated as suggestive. After setting out the points, we offer some observations on possible priority areas for the local authority.

⁵ The reports examined are included in the bibliography.

Seasonality, skills, low pay and debt

The seasonal nature of employment in Gwynedd was naturally a recurring theme in the interviews. Whilst summer was an opportunity for some to work as many hours as possible to see them through the off-season, seasonal employment presented significant challenges for others.

In areas dominated by seasonal employment full-time jobs were hard to find: contracts offering 16 hours a week were a big proportion of jobs on offer. Yet it was also reported that employees felt working more than 16 hours could negatively affect their in-work benefits, either limiting the financial pay-off of working more hours, or creating problems if the employment came to an end. Employers saw recruiting locally for the summer as a challenge too, especially when specific skills were required, such as catering qualifications.

Summer work was felt to be increasingly precarious. Zero-hours contracts, short-term contracts and bogus self-employment meant that some workers couldn't predict their earnings with any certainty. The worry that employment was for the summer only could encourage people to remain within the benefits system (by limiting the number of hours worked) to provide continuity with off-season finances.

Housing close to summer employment opportunities could be in short supply because it was in direct competition with holiday lets.

Interviewees noted the proliferation of jobs available paying the minimum wage, as well as the shortage of opportunities to move meaningfully beyond this hourly rate. This was especially so for small businesses whose employment structure often simply had no capacity to provide a progression 'ladder' to higher wages.

A number of points were raised about matching local residents and their skills. One particular group of concern were those who had begun their career but then taken a break, for example to being up children. Re-entering work, especially into roles with the prospect of longer hours or adequate pay, could be daunting for this group due to competition with those who hadn't taken time out of paid work and had had the opportunity to develop skills such as digital literacy.

Dependence on seasonal employment could lead to a cycle of building up debt in the low season, with plans to pay arrears off when people are able to work more hours and increase their income.

Interviewees spoke of workers who found themselves with informal debts to family and friends, but also 'priority' debts such as rent, utility or council tax arrears. Decisions about which debts to repay first have serious consequences. Failing to repay a debt to family and friends can have social and emotional consequences: just

because they are not commercial does not mean they are somehow less important. Not paying back a debt such as rent or council tax could result in eviction or bailiffs claiming a car against a debt. All could severely impede someone's ability to continue in employment. The importance of accessing advice on debt was emphasized.

Transport, childcare and public services

Transport was cited as a significant barrier to working longer hours or accessing work altogether. Multiple factors converge to put pressure on people's abilities to reach work: the long distances some workers have to cover due to the rurality of Gwynedd; the concentration of opportunities in larger towns; and the requirement to also reach other services such as childcare.

The practicalities of not having or sharing a car between a family meant that some workers had to rely on other means of transport to reach work. The bus network was cited as a limitation on people's ability to access work, including low service frequency, short operating hours (relative to long work shifts) and cost (e.g. if two bus routes on separate providers were required to complete a journey to work).

Employers in hospitality mentioned the importance of providing on-site housing for staff who would face lengthy commutes to work, either due to the location of the job, or the number of employees required meant that the employer had had to recruit from a large catchment area.

The transport problem was not just about going to and from work but also about accessing support services such as a childcare provider or the Job Centre.

Interviewees welcomed the piloting of the free childcare offer for three and four year-olds currently being undertaken in Gwynedd. But the practicalities of reaching a childcare provider, and then going on to work, and doing the reverse at the end of the working day, presented a significant challenge to people increasing their hours, especially to those without access to a car. Opportunities to access childcare close to home would be significantly greater in the main towns.

One interviewee reported knowing of someone who had chosen not to take a housing association property they had been offered due to its distance from the Job Centre that they were required to attend.

3.3. Some suggested priorities for the local authority

The policy literature on in-work poverty reviewed for this study focuses on employer actions on pay, progression and work security.⁶ In broad terms, it recommends that hourly pay should rise to at least the level of the 'Real' Living Wage (£8.75), paid by local anchor institutions and promoted by local authorities to business. Opportunities for training and progression should be extended to all employees, including those in low-skilled or low-hours roles. The use of short or zero hours contracts should be minimised while employee entitlements to holiday and sick pay should be publicised.

Our understanding of local employment conditions leads us to conclude that some of this isn't quite right for Gwynedd. For example, the scope for progression is limited and even where it exists, the extra responsibility may be judged too great for the extra pay on offer. Employees facing difficult journeys and with responsibilities outside work may prefer a mutually flexible relationship with their employer – so that employee requests for flexibility around hours are met with sympathy – rather than more rigidity. A pay rise, all else equal, would be welcome, but as paying the Real Living Wage is voluntary, the arguments for employers in Gwynedd doing so have to be developed and promoted in the local setting.

At the same time, however, there is no reason to think that employment practices in Gwynedd could not change. Employers, too, face challenges. The seasonality of employment poses problems for them as well as employees. Jobs requiring qualifications can be hard to fill. The prevalence of 16-hour jobs in part reflects employee preferences – it is not something just imposed by employers.

Against this background, we have identified five areas where the local authority could take action, either directly or in a leadership role, to try to improve the situation of low income working families in Gwynedd.

1. ***Understand why 16-hour contracts are so prevalent in Gwynedd.*** If people doing 16 hours a week were able to work a bit longer each day, the financial gain for the total effort involved would be significant. Longer working hours in the summer – 'seasonal overtime' – would also help employers. We have come across the idea of a 16-hour weekly limit before (in research for the Low Pay Commission in 2015 we found 'working mothers in particular expressing a strong preference for working 16 hours and no more').⁷ Yet apart from losing entitlement to support for mortgage interest (SMI – a legacy benefit on the point of extinction anyway), we can't see any technical reason for it. Finding out why employees believe this in Gwynedd – if indeed they do – would be a first step with a lot of potential on the upside. It could be part of a

⁶ The reports examined are included in the bibliography.

⁷ Bushe *et al* (2015).

wider attempt to encourage employers to discuss optimum working hours and shift patterns with their employees.

2. ***In line with Gwynedd's commitment to creating high value jobs, focus on the specialist skills that seasonal employers find hard to fill.*** Even if most of the seasonal employment is at the minimum wage, more skilled positions like catering are paid better. Good links between schools and colleges and local employers allow young people, especially those who want to stay in Gwynedd, to understand which skills are most sought after. A pipeline of qualified people to fill more specialised roles would benefit both employers and workers looking for long-term employment.
3. ***Focus on giving new skills to those returning to work after a spell away.*** This group, usually women who have been out of the labour market for a while to bring up their children, is key to dealing with the in-work poverty affecting people in their 40s and 50s. They can be easy to identify and reach through their children's schools. They are also a group which labour force statistics show as willing to upskill (qualifications levels rising among women through their 30s).
4. ***Review the accessibility of public services used by low income, working families.*** Roles and responsibilities outside paid work – largely to do with family life and more often carried out by women – limit the time for paid work. The ease with which they can be done depends on public services: health, care (for children and adults), the school, public transport etc. Most of what might be done is a matter of detail (and therefore beyond this research) but it will include hours of operation/opening, proximity (to home and work), ease of making or altering appointments, suitability of digital services etc. The point is that improving access to services contributes positively to in-work poverty.
5. ***Promote debt advice and review debt collection policies.*** Timely debt advice is crucial. Destitution research has shown that the council, housing associations, the DWP and utility companies are usually the bodies to whom debts are owed. Information sharing among them can shape debt collection practices that are affordable for low income families. Several interviewees said that Gwynedd Council itself does this well. If there is scope to lead others, long repayment periods, with flexibility to reflect the seasonality of income, are crucial. The Scottish Debt Arrangement Scheme, with its six-week freeze on interest, fees and penalties is a model.

Is in-work so unevenly distributed across the county to merit identifying particular locations as spatial priorities? Based on the evidence in figures 9 and 12, we do not think so. In the former case, the proportion of the population receiving in-work tax credits varies between 10 per cent in former industrial areas and 13 per cent in rural areas. In the latter case, the proportion of renting households receiving in-work

housing benefit ranges from seven per cent in urban areas to 11 per cent in former industrial areas. In neither case does the difference seem large enough to merit focusing on any one area to the exclusion of another. But it is worth bearing in mind the contrast between:

- the small local areas – a mix of post-industrial, urban and coastal – with high levels of tax credit receipt (figure 8) which could be characterised as in-work poverty ‘hot spots’; and
- the high number – and the relatively high proportion – of families receiving in-work tax credits in rural areas (figure 9) which suggests that these are the areas with the highest ‘background’ problem.

All five suggested priorities for the local authority apply across the county. They are often going to be complementary too (e.g. accessibility and reskilling returning workers). Women’s engagement with the labour market is central to most of them. If it is helpful to map priorities to the different types of areas within Gwynedd, one possibility is as follows:

- Priority 4 (accessibility) applies most strongly to rural and probably coastal areas too.
- Priority 5 (debt advice and collection) may matter most in the urban areas and post-industrial areas with high numbers in the private rented sector.
- Aimed at young workers and school leavers, priority 2 (training for the higher skill seasonal jobs) is most appropriate for post-industrial areas and market towns.
- Priority 3 (reskilling those returning to work after a spell away) is likely to be especially relevant in post-industrial areas as well as rural areas.
- Priority 1 (why only 16 hours?) may be easiest to examine practically in the market towns and have most impact in the coastal areas with their seasonal employment.

3.4. Qualities and cases of in-work poverty in Gwynedd

As a way of summing up, we set out the bare details of four case study personas that illustrate some of the instances of in-work poverty present in Gwynedd. On the basis of the analyses in chapter 2, we have allocated one to four of the five local area types. While examples of all cases will occur everywhere, the allocation reflects

a judgement (based on figures 11 and 13) about where each case is most typical. The four are:⁸

- A single woman without dependent children, working part-time and living in private rented accommodation (allocated to Coastal)
- A couple, both working part-time, with no dependent children, living in owner occupied semi-detached house with a mortgage (allocated to Urban)
- A couple, one working full-time, one not working, with two dependent children living in owner occupied semi-detached house with a mortgage (allocated to Rural)
- A lone mother, working part-time, with one dependent child, living in private rented accommodation (allocated to Post-industrial)

Coastal

Nia is a single woman living in Abererch. She works part-time at 24 hours a week in a hospitality job in Pwllheli and is paid at the minimum wage for over 25s, which is £7.83. She also provides unpaid informal care for her father every day, who lives a bus ride away in Criccieth. This limits the number of paid hours she can work.

She lives in a one bedroom flat, rented from a private landlord at £76 a week. She pays £18 a week council tax and £8.50 for water. She receives £3.55 in housing benefit to help with her rent but receives no other benefits.

This means Nia's weekly income, after housing costs, is £97. The poverty line for a single adult with no dependent children is £144 a week – Nia is living in in-work poverty. With her caring responsibilities to manage as well as work, Nia would benefit from better transport.

Urban

Dylan and Catrin are a couple who live in Caernarfon; they have no children. Catrin works 25 hours a week paid £7.83 in a permanent job. Dylan works 10 hours a week over the winter, also on £7.83. In summer his hours rise to 40 hours a week. This means their incomes vary throughout the year. In winter, their joint earnings are £274 per week, but in summer this rises to over £500.

Together they have a mortgage on their semi-detached house. Their interest payments are £33 a week, their council tax is £27 and their water costs are £8.50. Because they are home owners they also pay £10 weekly buildings insurance. They receive no social security payments.

⁸ There are some more detailed assumptions behind these cases, e.g. re costs of home ownership in Gwynedd as well as some reasoning about why hours of work are as they are.

Over the winter, when Dylan works shorter hours, their combined income after housing costs is £209. They are in working poverty because the poverty threshold for their household type is £248.

When Dylan works longer hours over the summer, their income is more than £100 a week above the poverty line. But as he is also trying to repay his sister the money she lent him to buy a car to get to work, their standard of living is not much higher during the summer than the winter. Dylan and Catrin would benefit from debt advice.

Rural

Sion and Gwen are a couple with two dependent children and live in Llanderfel. Sion works 30 hours a week at £7.83 per hour. Gwen doesn't currently work, but when her youngest child (who is 10) goes to secondary school she is hoping to return to paid employment. For now, their household earnings are £235 per week.

Sion and Gwen live in their owner-occupied house with a mortgage. They pay £51 a week in mortgage interest, £27 for council tax and £8.50 for water rates. They also pay £10 a week in buildings insurance. As a family they receive £163 in tax credits and get £5 off of their council tax bill.

Their combined income, after their housing costs, is £347 – right on the poverty line. Gwen's return to work should help them move out of in-work poverty, but not having had a paid job for more than 10 years, she thinks her prospects are limited. Gwen would like to update her skills to give her the confidence to find employment.

Post-industrial

Sian lives in Talysarn with her son Morgan. She works 12 hours a week at the minimum wage for over 25s - £7.83. Each week her pay is £94. As her son is in nursery and she needs to get the bus to work, the shifts she can work are limited – she commutes to Caernarfon every day after drop off, and leaves at 1pm to be back in time to pick up her son.

She rents a flat privately and pays £90 per week. Her council tax is £24 and her water bill is £8.50.

Sian receives £64 in tax credits, and receives £24 in Council Tax Reduction, meaning she effectively pays no council tax. She also receives £90 a week housing benefit.

Her income after housing costs is £179. The poverty line for a single parent with one child is £193, so Sian and her child are in in-work poverty. Sian knows there are higher paid jobs available in the summer for those with the right skills. When Morgan goes to school, she would like to be able to apply for one of those jobs – but needs a recognised qualification to do so.

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