

Different experiences of poverty in Winter 2020

February 2021



About the Bevan Foundation

The Bevan Foundation is Wales' most innovative and influential think tank. We develop lasting solutions to poverty and inequality.

Our vision is for Wales to be a nation where everyone has a decent standard of living, a healthy and fulfilled life, and a voice in the decisions that affect them.

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Acknowledgements

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1. Summary and key findings

The Bevan Foundation's report, *A snapshot of poverty in winter 2020* highlighted the devastating impact the pandemic is having on households across Wales and across the income distribution. Having looked at the impact of the pandemic by household income in the last briefing this note will look in more detail at the economic impact of the pandemic on different demographic groups. There are four key findings:

1.1 Incomes have fallen

Nearly a quarter, 24% of Welsh households have seen their incomes decrease as a result of the pandemic. There has been very little variation in the impact of the pandemic on household income by demographic groups. Only three groups appear to have been affected in a way that is significantly different to the Welsh average:

- Social renters and people over 65 appear to have been less significantly impacted than the general population.
- 50 to 64 years olds appear to have been at a significantly higher risk of seeing their incomes fall as a result of the pandemic.

1.2 Many households have seen their living costs increase

Thousands of households across Wales have seen their living costs increase:

- 41% of households are spending more on heating, electricity and/or water
- 38% of households are spending more on food
- 16% of households are spending more on internet costs or devices to access the internet.

Transport and adult clothing costs are the only two costs that have reduced for a significant number of households.

Some households have seen their living costs increase even more than the average. Groups that have been especially hard hit include:

- 25 – 49 year olds
- Social renters
- Lone parent households
- Couple households with children.

1.3 There has been a squeeze on living standards

Many households have seen their living standards drop as a result of the pandemic with some having to cut back their spending as a result of its economic impact:

- 22% have had to cut back spending on clothing for adults
- 15% have had to cut back on food for adults
- 14% have cut back on heating, electricity and/or water.

Some groups have been especially badly affected, these include:

- Disabled people or people with long term health conditions
- 50 – 64 year olds
- Social renters
- Private renters
- Single person households without children
- Lone parent households

1.4 There is a growing personal debt crisis in Wales

Thousands of households have fallen behind on their bills or have had to borrow money as a result of the economic impact of the pandemic:

- Over 120,000 households, 9% of Welsh households have fallen behind on at least one bill since March 2020.¹
- Over 200,000 households, 15% have borrowed money since March 2020.²

Some groups have been especially badly affected, these include:

- Disabled people or people with long term health conditions
- 25 – 49 year olds
- Social renters
- Private renters
- Lone parent households
- Couple households with children

Rising debt levels does not just have an impact on households in the near term but also has longer term implications. Households who are in debt face extra costs over the period that they pay off their debt. For households already struggling these additional costs may be a significant challenge.

¹ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2019 data.

² *ibid*

2. Introduction

Back in December the Bevan Foundation laid bare the devastating impact that the Covid 19 pandemic has had on households in Wales. Data gathered by YouGov through a national online survey on behalf of the Bevan Foundation showed that a staggering 24% of Welsh households some 328,000 households,³ have seen their incomes fall since the start of the pandemic. At the same time households have seen a number of key living costs increase including 41% seeing an increase in the cost of heating, electric and/ or water and 38% seeing an increase in the cost of food.

Our December briefing demonstrated that whilst the economic impact of the pandemic has hit people across Welsh society, it is the poorest households who have been most greatly affected, with many forced to cut back on essentials, to borrow money or to fall behind on their bills.⁴ Other groups have also been heavily affected by the pandemic. This briefing note sets out to explore the impact of the pandemic on people by 5 key demographic characteristics:

- Disability and long term ill health
- Housing tenure
- Gender and household composition
- Age
- Ethnicity

All figures, quoted in this briefing, unless otherwise stated, are from YouGov Plc. The total sample size was 1,031 adults. Fieldwork was undertaken between 7th and 11th December 2020. The survey was carried out online. The figures have been weighted (unless specified otherwise) and are representative of all Welsh adults (aged 18+).

³ Calculations done by Bevan Foundation based on Welsh Government Household estimates for Wales, 2019 data.

⁴ Bevan Foundation, *A snapshot of poverty in winter 2020* (December 2020) available at - <https://www.bevanfoundation.org/publications/poverty-in-winter-2020/>

3. Disability and ill health

The links between disability and poverty had been long established before the outbreak of Covid 19. Approximately 330,000 people who live in poverty in Wales are either disabled themselves or have a disabled family member, nearly half of all people living in poverty.⁵ This existing inequality may, in part, explain why disabled people appear to have been particularly badly hit by the pandemic.

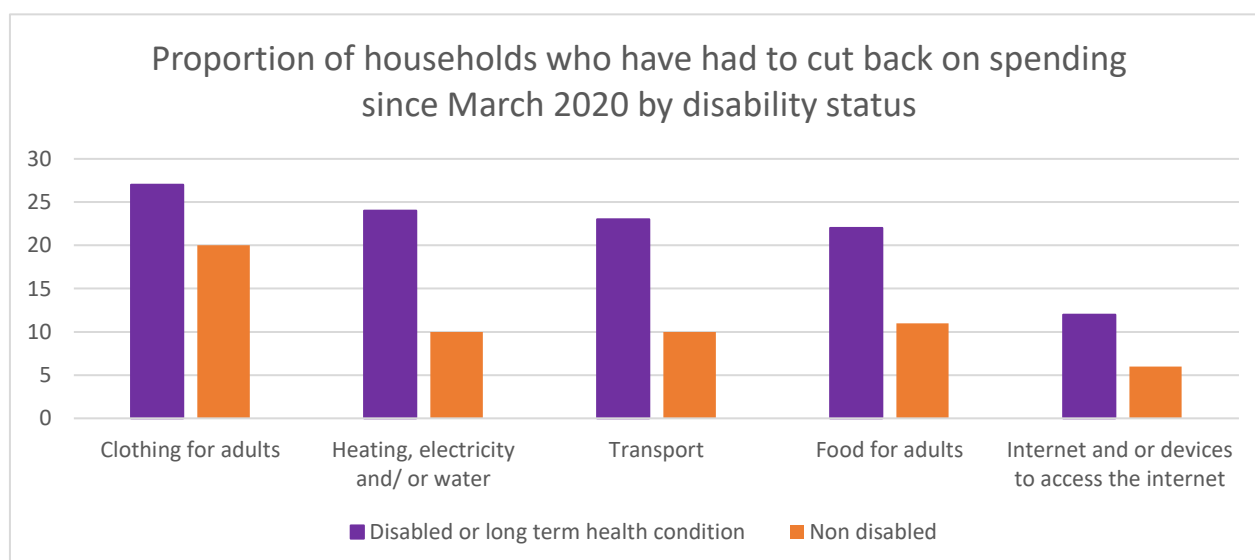
3.1 Income and costs

A broadly similar proportion of disabled and non-disabled people have seen their incomes fall since March 2020. The proportion of non-disabled people who reported that their income had decreased by either a little or a lot stood at 23% compared with 25% of disabled people or people with long term health conditions.

Disabled people and people with long term health conditions have also seen their living costs rise broadly in line with non-disabled people over this period. The only notable distinctions are that a higher proportion of disabled people are reporting having to spend more on their heating, electricity and/ or water than non-disabled people (45% reporting an increase in their spending compared to 39% of non-disabled people) and that fewer disabled people have seen their transport costs fall over recent months than non-disabled people (44% of disabled people have seen no change in their transport cost compared with 41% of non-disabled people).

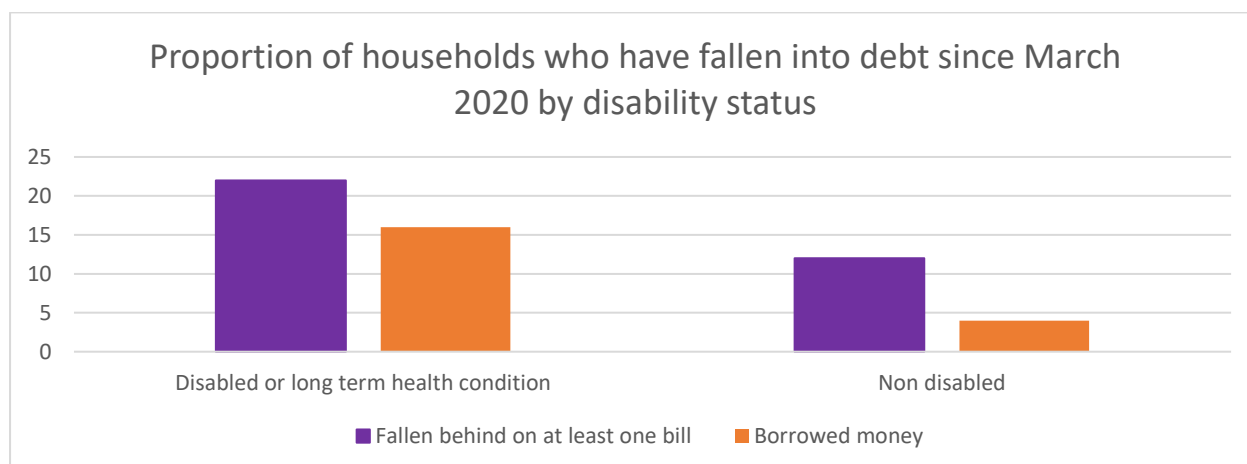
3.2 Cutting back and debt

Despite the pandemic having a fairly even impact on the household income and living costs of disabled and non-disabled people, disabled people and people with long term health conditions have been far more likely to have had to cut back on their spending since the outbreak of the pandemic.



⁵ Stats Wales, *People in relative income poverty by whether there is disability within the family (Equality Act definition)* available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/peopleinrelativeincomepoverty-by-whetherthereisdisabilitywithinthefamily>

Disabled people or people with long term health conditions have also been significantly more likely to fall into debt as a result of the impact of the pandemic.

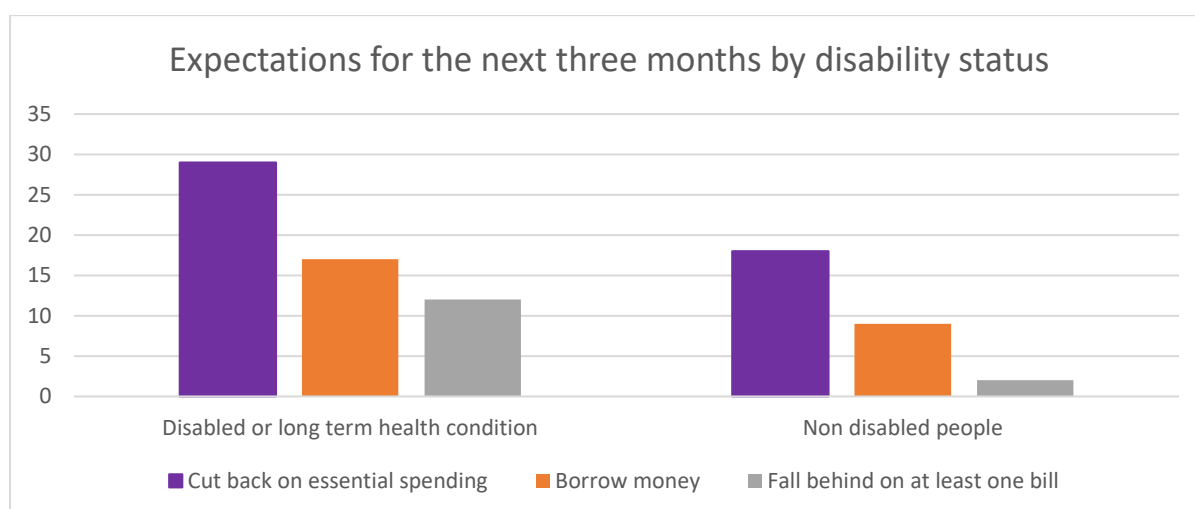


The fact that a significantly higher proportion of disabled people or people who have long term health conditions have had to cut their spending or borrowed money as a result of the pandemic despite not being disproportionately affected by falling incomes has some important implications for the way we measure poverty. It highlights that income based measures alone don't provide us with a full picture, living costs also matter.

On average, disabled people have higher living costs than non disabled people. This was true even before the pandemic. Any additional increases in living costs or a reduction in income can therefore hit disabled people hard, perhaps providing an explanation for the differing experiences of disabled and non disabled people when it comes to the impact of the pandemic on debt and living standards.

3.3 The next three months

Disabled people and people who have long term health condition are significantly more pessimistic about what the next three months may mean for their personal finances than non disabled people.



It is clear that there is a real risk that inequality could further deepen over the next three months, with some disabled people at risk of facing real hardship.

4. Tenure

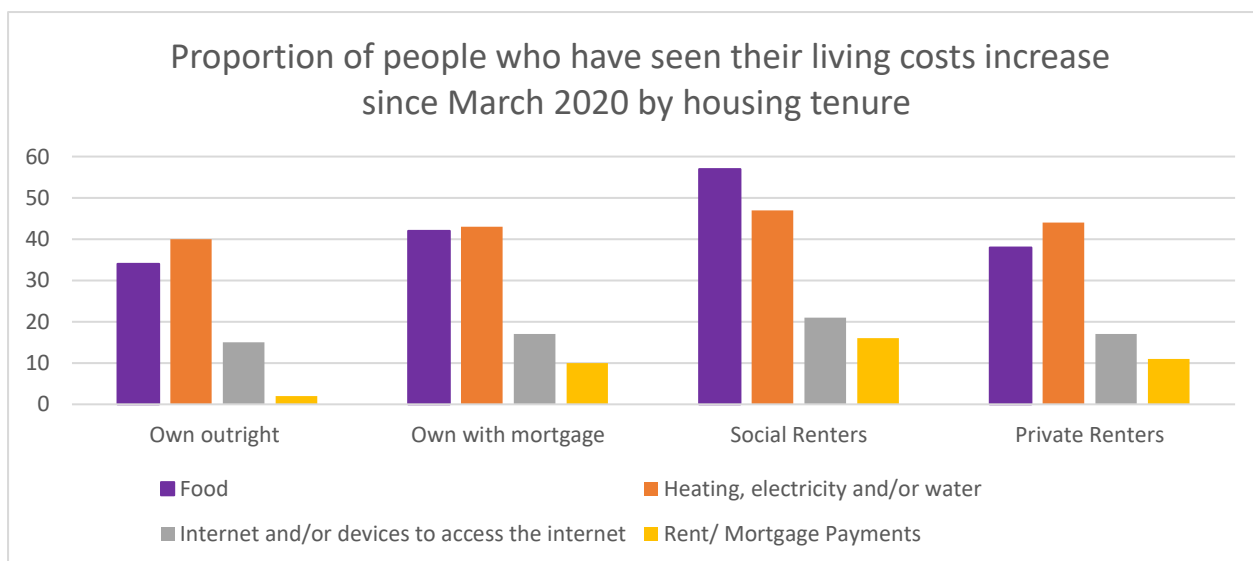
A household's housing tenure is one of the key factors that has an impact on their risk of living in poverty. Prior to the pandemic 13% of owner occupiers lived in poverty in Wales.⁶ By contrast 41% of private renters and 49% of social renters lived in poverty.⁷ The pandemic appears to have deepened these existing inequalities.

4.1 Income and costs

People have seen their income decrease regardless of which housing tenure they live in. Social renters do appear to have been affected less significantly, however, with 18% seeing their income decrease since March 2020. By contrast 22% of mortgage holders saw a reduction in their income, with the same being true for 25% of people who own their home outright and 26% of private renters.

One possible explanation for this is that social renters are significantly more likely to be in receipt of social security payments than households in other housing tenures.⁸ Given that many benefits have been protected and indeed made more generous since the outbreak of the pandemic, this may have protected incomes.

Whilst social renters have been less likely to see their incomes decrease as a result of the pandemic than households in other tenures, they are far more likely to have seen their living costs increase over the same period.



Social renters are also the group that has been the least likely to benefit from a reduction in their housing costs. Whilst 10% of mortgage holders have seen their mortgage costs reduce since March, the same is only true for 5% of private renters and 2% of social renters.

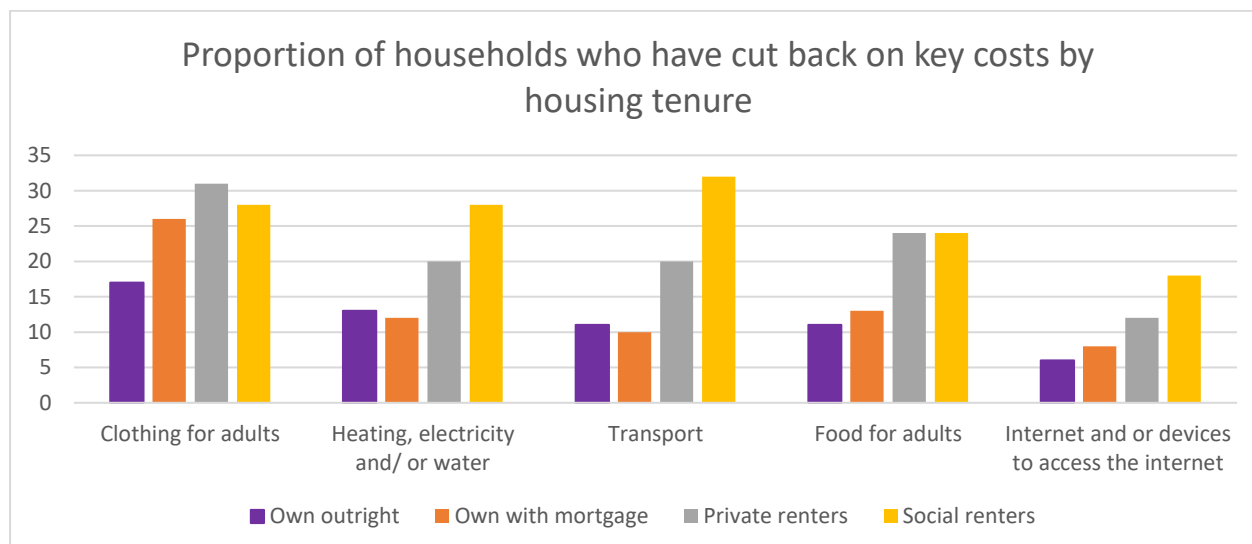
⁶ Stats Wales, *People in relative income poverty by tenure type* available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/peopleinrelativeincomepoverty-by-tenuretype>

⁷ibid

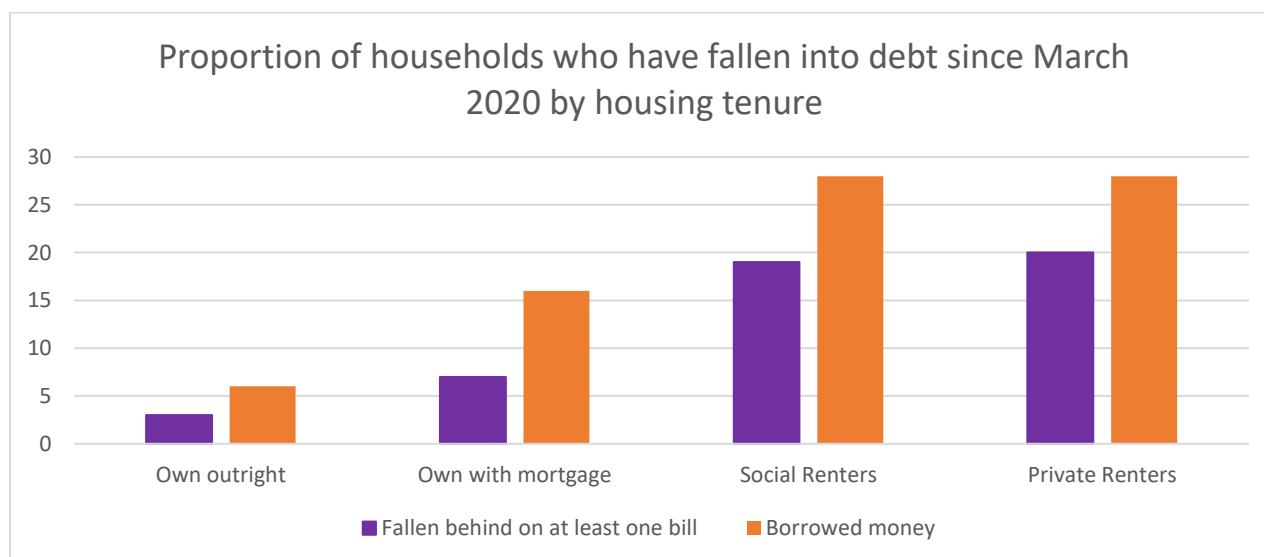
⁸ 60% of social renters who completed the survey receive at least one social security benefit. The same is only true of 34% of private renters and 13% of owner occupiers.

4.2 Cutting back and debt

Despite renters and homeowners both being economically affected by the pandemic, renters have overwhelmingly been more likely to have had to cut back on their essential spending.



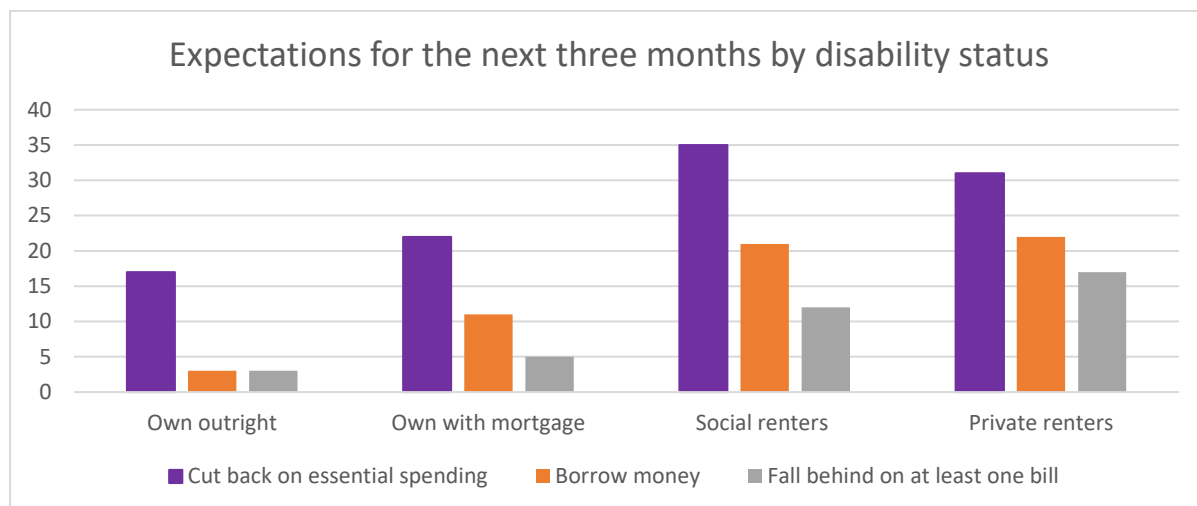
Renters, both in the social and private rental sector have also been significantly more likely to have fallen into debt than homeowners.



The data raises particular concern about households who rent their home from their local authority. A worrying 16% of people who rent their homes for their local authority reported that they have fallen behind on their rent since the outbreak of the pandemic. This is significantly higher than the proportion who rent from housing associations (3%) and private renters (6%).

4.3 The next three months

Renters are more fearful about what the next three months may mean for them financially than home-owners. Households who rent their properties from local authorities are especially pessimistic about their financial prospect over the next three months with more than 4 in 10 expecting to have to cut back on at least one bill.

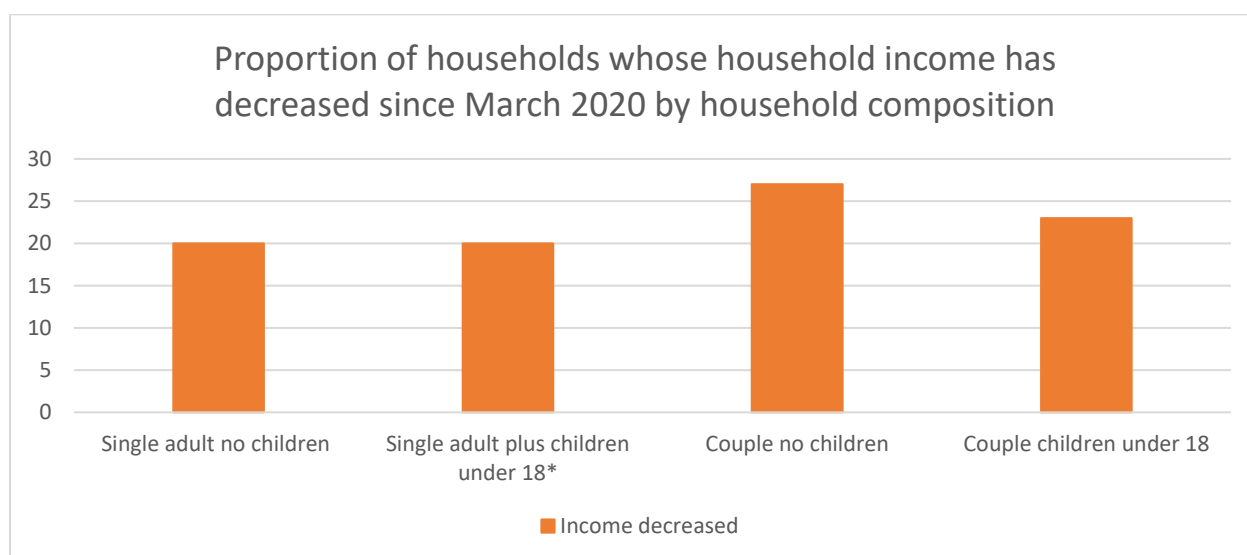


5. Gender and household composition

The survey can only provide us with limited insight into the impact of the pandemic on gender. In line with the standard approach to measuring poverty the survey's questions on income focused on household rather than individual income. This means that the survey only provides us with limited insight into whether women's or men's incomes have been most heavily affected by the pandemic. The survey does provide us with some interesting data, however, on the impact of household composition, in particularly around the impact of the pandemic on lone parents.

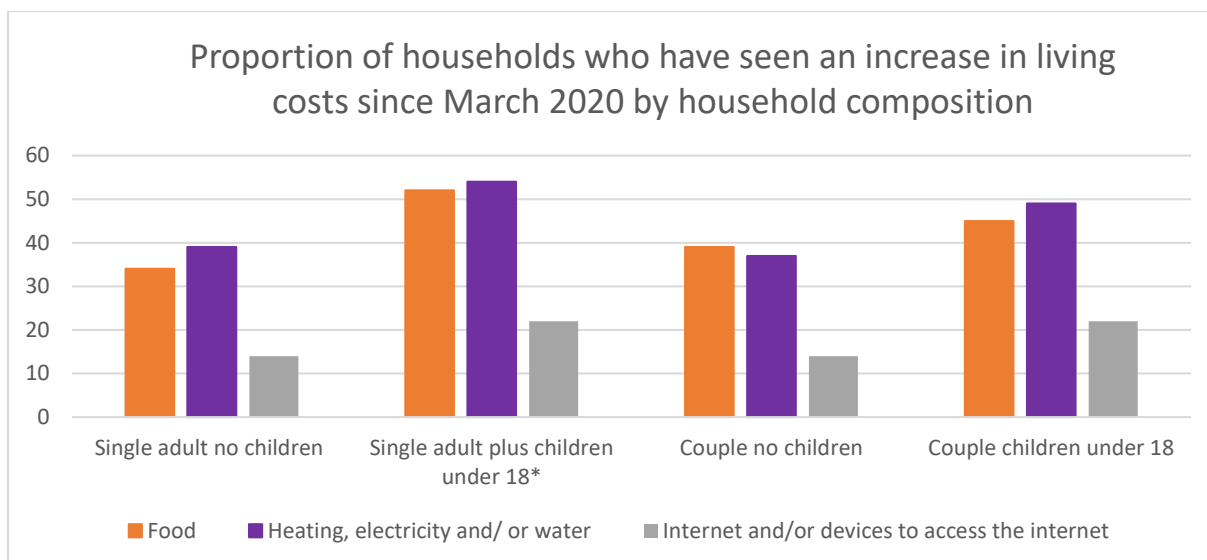
5.1 Income and costs

Given that the survey asked respondents about their household income it is perhaps unsurprising that the impact of the pandemic on men and women's household income has been broadly consistent with 25% of men and 23% of women reporting a fall in their household income. Incomes have not fallen equally for all household types, however.



*Based on a small sample size

Perhaps surprisingly, given the pressures many parents have been placed under due to home schooling it is couple households with no children under 18 living in their home that have been most likely to see their income decrease. Households with children have been significantly more likely to see their living costs increase, however. Lone parents in particular appear to have been badly affected.



*Based on a small sample size

Interestingly there are some small discrepancies between some of the responses provided by men and women in response to this question. For example, whilst 36% of men reported spending more on food since the outbreak of the pandemic the same was true for 40% of women. One reason for this may be that given that 90% of lone parents are women, the fact that over half of lone parents are having to spend more on food has an impact on women's responses more generally.⁹ Another potential explanation may be that, given gendered roles within households, women may be more aware of how much their household is spending on food than men. More research is needed on this however, before drawing definite conclusions.

5.2 Cutting back and debt

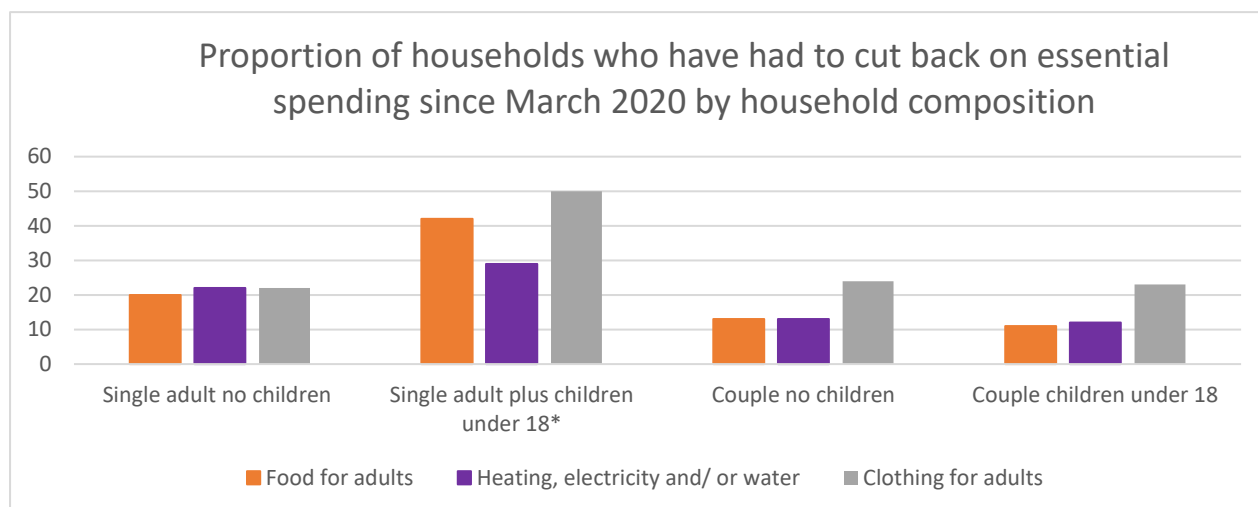
Women appear to have been more likely to cut back on essential items than men due to the pandemic. Whilst 12% of men have reported that their household has had to cut back on food for adults the same is true for 17% of women. An even larger discrepancy appears when looking at clothing for adults, with 18% of men have reported that their household has cut back compared with 26% of women.

Whilst there are some small discrepancies between the experiences of men and women, household composition appears to be a far greater factor. Lone parents households appear to have been hit especially hard. Some caution does need to be taken when analysing the data given the relatively small sample size for lone parents. Given that lone parent households were far more likely to live in poverty in Wales than other household types prior to the pandemic,¹⁰ and that the data has demonstrated that people on low

⁹ Gingerbread, *Single parents: facts and figures* (2019) available at - [https://www.gingerbread.org.uk/what-we-do/media-centre/single-parents-facts-figures/#:~:text=In%20the%20UK%3A,single%20parents%20are%20women%20\(iii\)](https://www.gingerbread.org.uk/what-we-do/media-centre/single-parents-facts-figures/#:~:text=In%20the%20UK%3A,single%20parents%20are%20women%20(iii))

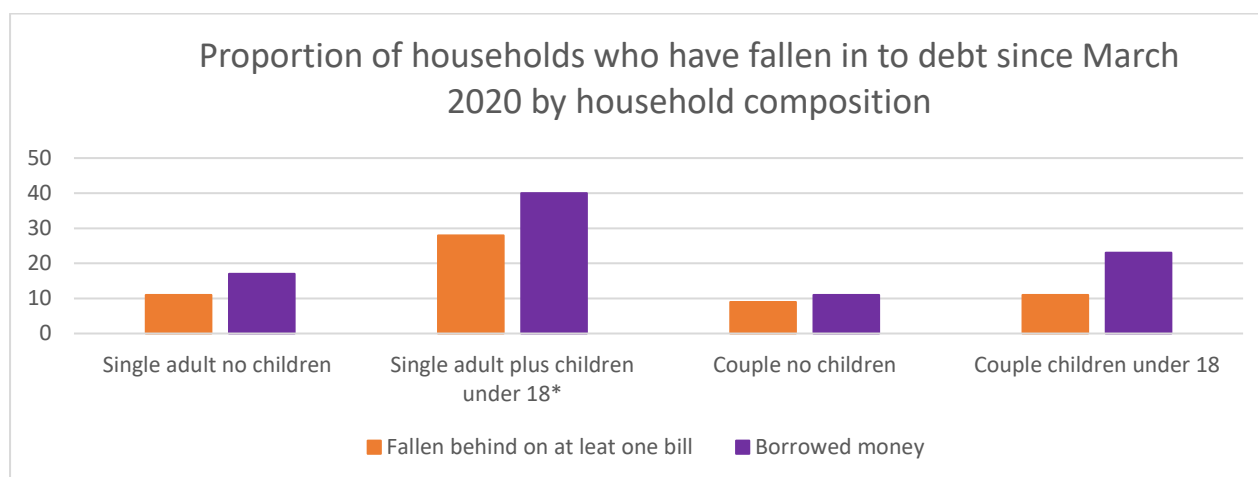
¹⁰ Stats Wales, *People in relative poverty by family type*, available at - <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Poverty/peopleinrelativeincomepoverty-by-familytype>

income have been more likely to have to cut back on essential spending than people on higher incomes,¹¹ the findings appear consistent with what we might expect to see.



*Based on a small sample size

Lone parent households have also been significantly more likely to fall into debt since the outbreak of the pandemic.



*Based on a small sample size

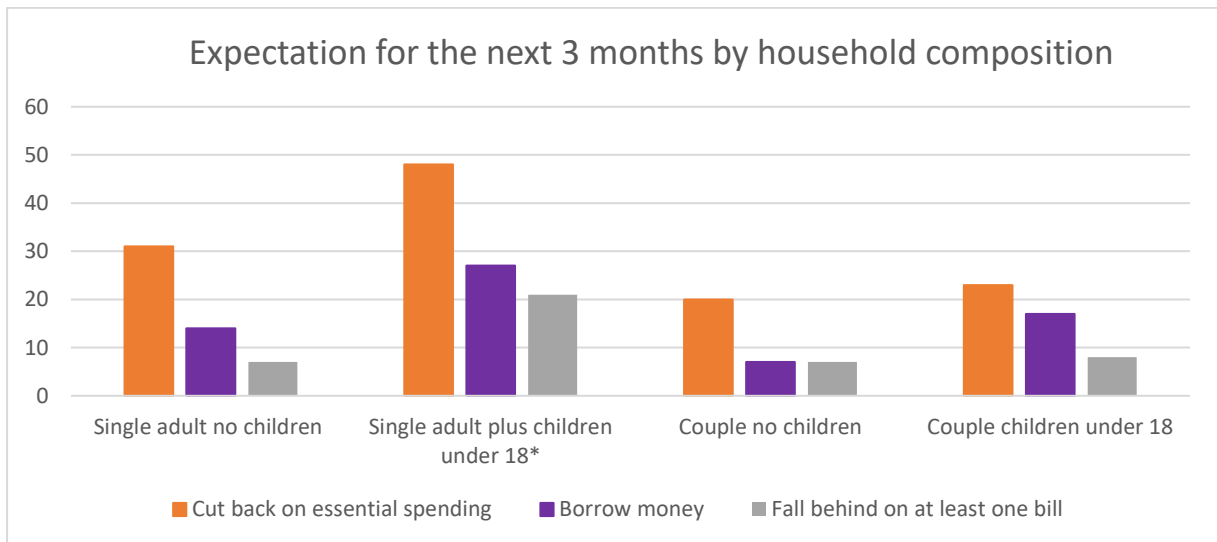
Whilst lone parent households appear to have been hit especially hard by the economic impact of the pandemic, the data does present a more complex picture when it comes to exploring what impact, if any, having children has had on how households have been able to weather the economic storm.

A broadly similar proportion of households that are comprised of a single adult with no children have had to cut back on their essential spending or have fallen into debt, as the proportion of households which are comprised of adult couples with children under 18. The data therefore suggests that whilst having children can increase a household's risk of living in poverty, in part due to higher living costs, the challenge of having to cover numerous living costs from one income is also a factor that can put a household at a higher risk of poverty.

¹¹ Bevan Foundation n(4)

5.3 The next three months

Women do appear more concerned about their financial position over the next three months than men. 24% of women expect they will have to cut back on at least one essential item over the next three months compared with 19% of men. There is no significant variation, however, in the proportion who think they'll have to borrow money. The same is not true by household composition, with lone parent households being especially concerned about what the next 3 months may mean for their personal finances.



*Based on a small sample size

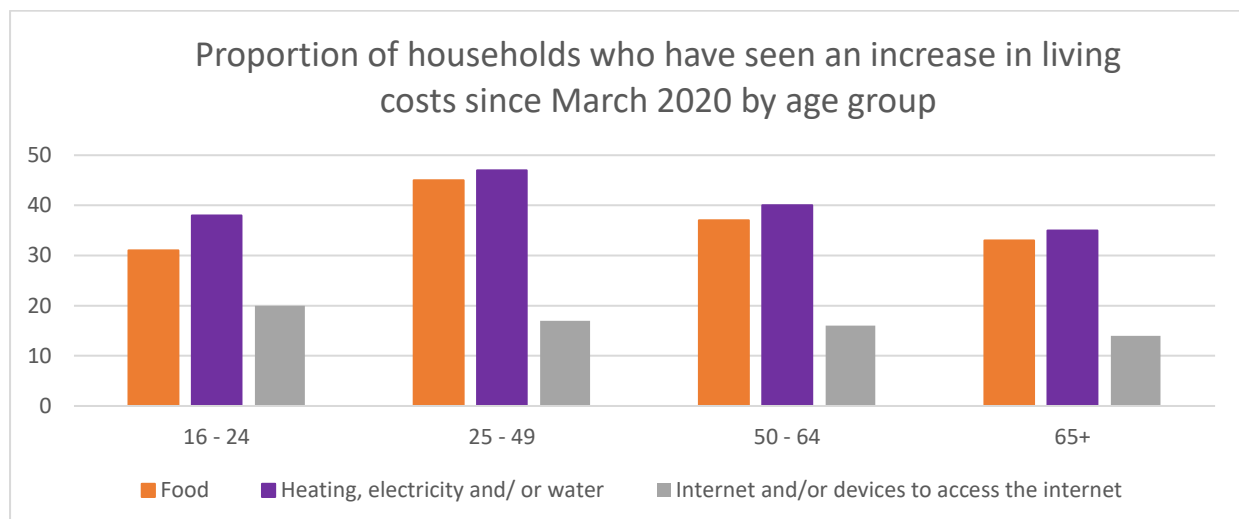
6. Age

One of the key features of this pandemic has been its varying impact on different age groups. Older people have been more susceptible to becoming seriously ill or dying from the virus. There is a growing body of evidence that people of working age, however, have been significantly harder hit by the pandemic's economic impact. Our data provides further evidence to support this analysis.

6.1 Income and costs

People over 65 have been the least likely to see their income decrease since March 2020. 18% of over 65s have seen their incomes fall since the outbreak of the pandemic compared with 23% of 16 to 24 year olds and 24% of 25 to 49 year olds. It is the 50 to 64 age group that has been by far the hardest hit however, with 31% seeing a fall in their income since March.

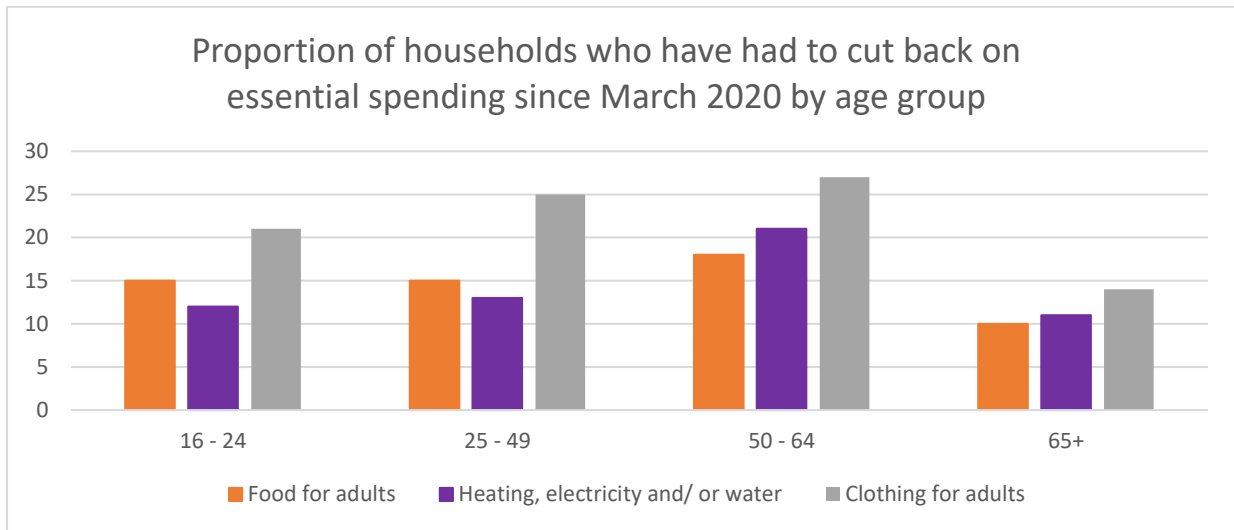
Whilst the 50 to 64 age group has been the hardest hit in terms of incomes, it is the 25 to 49 year old age which has seen the greatest impact on their living costs. This can largely be attributed to a significantly higher proportion of those aged 25 to 49 being parents of children under 18 than any other age group.



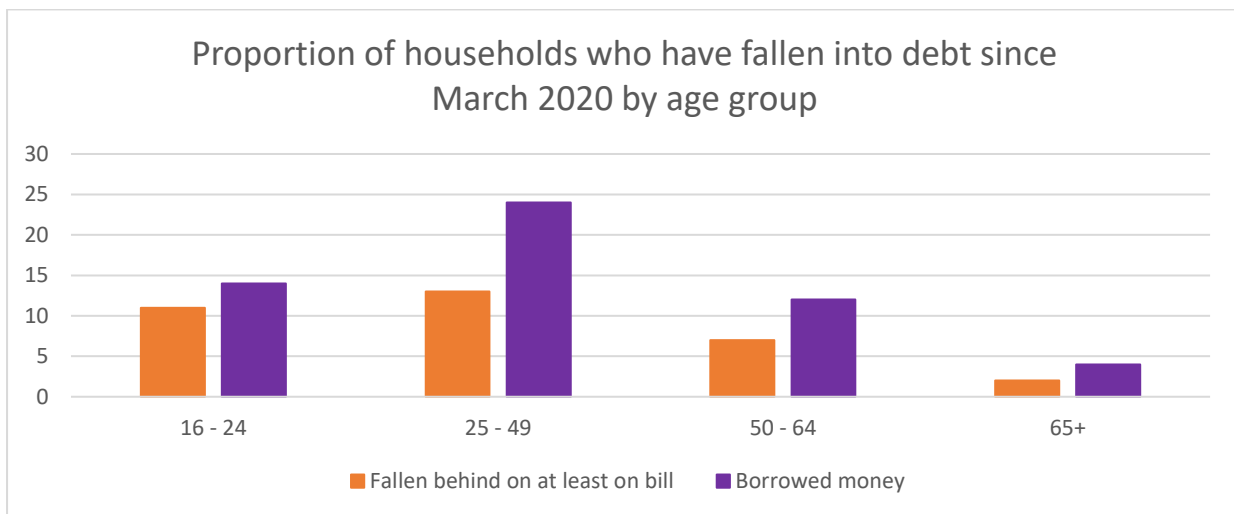
6.2 Cutting back and debt

It is not surprising that the proportion of households who have had to cut back on essentials or who have fallen into debt has varied depending on age given the differing impact the pandemic has had on income and costs. The data does point to some interesting differences in people's experiences that may not have been expected, however. This may have some significant implication for the policies that the Welsh and UK Governments should adopt to aid the economic recovery after the immediate threat of the virus has receded.

Those aged between 50 to 64 years old have been more likely to have to cut back on essentials as a result of the economic impact of the pandemic than any other age group.



In contrast, 25 to 49 year olds have been far more likely to fall behind on their bills or to have borrowed money than other age groups.

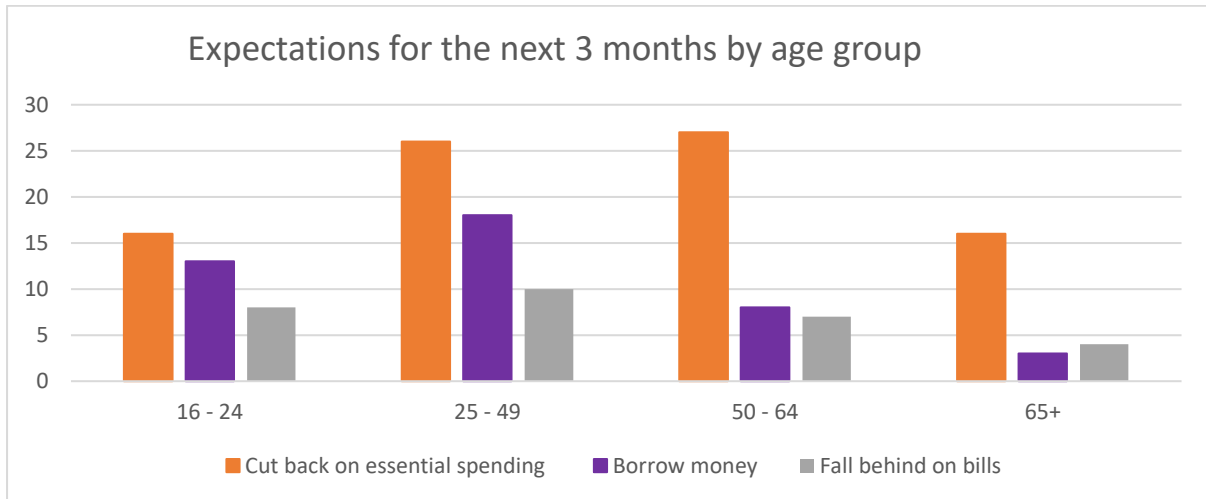


The primary economic impact of the pandemic on 50 to 64 year olds appears to have been on standards of living. While this age group has been significantly more likely to see their incomes fall since March, they appear to have been able to manage this reduction without falling into debt by cutting back on essential items. This suggests that if incomes were to return to pre pandemic levels many 50 to 64 year olds who have struggled financially as a result of the pandemic would be able to enjoy the same standards of living as they did pre pandemic.

The same is not true of 25 to 49 year olds. The pandemic appears to have created a debt crisis within this age group. This means that even if incomes returned to pre pandemic levels in the near future, many in this age group would continue to struggle as they try to service the debt that has been built up over the course of the pandemic.

6.3 The next three months

It is not surprising in this context that 25 to 49 year olds appear far gloomier about their prospects over the next three months than other age groups, with nearly 1 in 5 expecting to fall further into debt.



7. Ethnicity

The data gathered by YouGov do not allow us to draw definitive conclusions about the economic impact of the pandemic by ethnicity in Wales as the sample size for “Black and Minority Ethnic” (BME)¹² is too small. We will explore whether we can boost the proportion of BME respondents before we rerun the survey later in the year but, the data we have gathered, taken alongside existing evidence does suggest that people from Black, Asian and Minority Ethnic (BAME) communities have been disproportionately affected by the economic impact of the virus.

The recently published Joseph Rowntree Foundation briefing on *Poverty in Wales in 2020* demonstrates that poverty is higher among BAME people, in particular within Black and Asian groups.¹³ Given the findings in our earlier briefing that low income households have been significantly more likely to have had to cut back on spending on essential items or to have fallen into debt,¹⁴ this raises concerns about the economic challenges faced by many BAME households.

There is some evidence to suggest that people from BAME groups in Wales have been more likely to work in sectors that have been shut down as a result of lockdown than white people.¹⁵ Whilst the evidence from Wales has been somewhat limited, more extensive evidence has been unearthed highlighting the link between ethnicity and risk of job losses at a UK level. The Joseph Rowntree Foundation, for example, has found that more than 25% of workers from the Bangladeshi community and more than 20% of workers from the Pakistani community work in sectors where there is either at high or very high risk of job losses.¹⁶ By contrast the same is only true for just over 10% of white workers.¹⁷ Similar findings have been reached by the IFS¹⁸ and the Resolution Foundation.¹⁹

Whilst the small sample size does not allow us to draw any conclusions from the survey, it is reasonable to assume that this has led to a higher proportion of BAME households to see a decline in their household income as a result of being placed on furlough or losing their job. This raises obvious concerns about whether BAME households have been more likely to have to cut back spending on essential items or fall into debt as a result of the pandemic.

¹² This is the term used by YouGov in the results provided.

¹³ Joseph Rowntree Foundation, *Poverty in Wales 2020*, (2 November 2020) available at - <https://www.jrf.org.uk/report/poverty-wales-2020>

¹⁴ Bevan Foundation n(4)

¹⁵ Wales Fiscal Analysis, Cardiff University, *Covid 19 and the Welsh economy: shut down sectors and key workers* (June 2020) available at - https://www.cardiff.ac.uk/_data/assets/pdf_file/0009/2409921/Covid_economy_report_1_Final_rep.pdf

¹⁶ Joseph Rowntree Foundation, *Storm ready – how to keep us afloat as the storm hits* (September 2020) available at - <https://www.jrf.org.uk/report/storm-ready-how-keep-us-afloat-unemployment-hits>

¹⁷ *ibid*

¹⁸ Institute for Fiscal Studies, *Covid 19 and inequalities* (June 2020) available at - <https://www.ifs.org.uk/inequality/covid-19-and-inequalities/>

¹⁹ Resolution Foundation, *A gap that won't close. The distribution of wealth between ethnic groups in Britain* (December 2020) available at - <https://www.resolutionfoundation.org/app/uploads/2020/12/A-gap-that-wont-close.pdf>

The data gathered by the JRF and others does raise an important lesson when reflecting on the impact of the pandemic on different ethnic groups. Whilst BAME workers are, in general, more likely to be working in lockdown sectors this is not universally true for all BAME communities. Indian workers are the ethnic group that is least likely to work in lockdown sectors.²⁰ When considering the relationship between ethnicity and the economic impact of the pandemic therefore, it is important not to view the experiences of BAME communities as one homogeneous experience.

It is not just because of the impact of the pandemic on work that some BAME communities may have been hit especially hard by the economic impact of the pandemic. For example, this briefing has already highlighted the link between housing tenure and the economic impact of the pandemic. Renters have been significantly more likely to have had to cut back on essentials, fall behind on bills or borrow money since March 2020 than homeowners. The fact that people from BAME groups are significantly more likely to rent their home than white people²¹ therefore provides another indication that people from BAME groups have been hit harder by the economic impact of the pandemic.

The emerging data as to the economic impact of the pandemic points in the direction of BAME households being more heavily affected than white households. Given that people from BAME groups were already more likely to live in poverty than white people prior to the pandemic there are real concerns that existing inequality has been deepened over recent months.

²⁰ JRF n(16)

²¹ Bevan Foundation, *State of Wales Briefing, Black Lives Briefing*, (June 2020)

8. Conclusion

It is clear that the economic impact of Covid 19 has had a devastating affect on thousands of Welsh households. This briefing note has demonstrated clearly however, that this impact has not affected everyone in Wales universally, with some groups being especially badly hit. The scale of the crisis is such that it is clear that there will be a need for significant intervention from both the UK and Welsh Governments over many years to try and repair some of the damage that has been caused by the pandemic. This briefing note has drawn attention to some important emerging issues that these interventions will have to tackle.

8.1 The emerging debt crisis

There are grounds to be very concerned about the rising levels of personal debt since the outbreak of Covid 19. These concerns are especially pronounced for the 25 to 49 year old age group, renters, households with children under 18 and disabled people. The implications of this rising debt are very serious.

In the immediate term, rising levels of debt increase a household's risk of being evicted from their home or being cut off from essential services such as gas and electric. In the longer term, households will have to find enough money to cover their debt repayments whilst also paying for other essentials such as food and their rent. The debt incurred by households since March 2020 could continue to have a real impact on their living standards for years to come.

There are also serious policy implications. Rising eviction levels associated with this debt, for example, will put significant pressure on homelessness services in Wales, whilst some social landlords may see large holes in their finances as a result of tenants building up arrears.

8.2 Deepening inequality

The data demonstrates very clearly that the pandemic has not struck everyone evenly across Wales. It is the groups that were already at an economic disadvantage that have been hardest hit. Whilst there is a clear need to take significant interventions to assist people from all sections of Welsh society once attention turns to rebuilding after the pandemic, there is a clear argument for targeting greater resources at providing support and opportunities to people who were already at greater risk of living in poverty long before the pandemic struck. If action is not taken to provide additional support to disabled people, renters, lone parents and people from BAME groups there is a risk that any economic recovery will embed the worsening inequality that has been caused by the pandemic.

8.3 Costs and income matter

One of the key features of the data is that whilst incomes have fallen in a broadly similar manner across all groups in society, the same is not true with regards to the proportion who have to cut back on essential spending or who have fallen into debt.

Incomes do matter. As was set out in our December briefing, households on low income have been significantly more likely to have had to cut back on their spending or fallen into debt than higher income households.²² Given that nearly a quarter of Welsh households have seen their income fall since March 2020, there is a clear need for policy interventions that seeks to counter this, with investment in jobs being a priority. The data suggests that this can only be a part of the solution, however.

As was discussed in the analysis, one of the reasons why disabled people, parents and single people may have been harder hit by the economic impact of the pandemic is that their households have higher living costs, or that their living costs account for a higher proportion of their income. Whilst boosting incomes may ease some of the pressures faced by such households, taking actions to reduce living costs can also have an impact. It is therefore vital as we seek to recover from the pandemic that we consider how we invest in stronger public services so that people have greater access to social housing, good quality and affordable public transport, and suitable childcare.

²² Bevan Foundation n(4)