

[Making the economy work for people on low incomes](#)

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The Assembly's Equalities, Local Government and Communities Committee will start hearing from witnesses for its [inquiry into making the economy work for people on low incomes](#) on 5 July. It will look at how the Welsh Government's upcoming Economic Strategy and Employability Plan can improve the position of people on low incomes, as well as measures to boost low pay, (in)security of work and economic inequalities between different places and groups of people.

While many of the levers to change the economic position of people on low incomes are the responsibility of the UK Government, the Committee will look at ways that the Welsh Government can use its devolved responsibilities in this area as well as how these interact with UK Government policies on social security benefits and the Work and Health Programme.

While statistics can only tell us some of the truth about the experiences of peoples' lives, here are 5 'killer facts' that are likely to inform the Committee's work.

Over half of children and working-age adults in relative income poverty are in working families

The Department for Work and Pensions' Households Below Average Income dataset looks at whether people live in households with less than 60% of median UK household income, known as relative income poverty or relative low income. The headline measure used looks at whether people live in relative income poverty after housing costs.

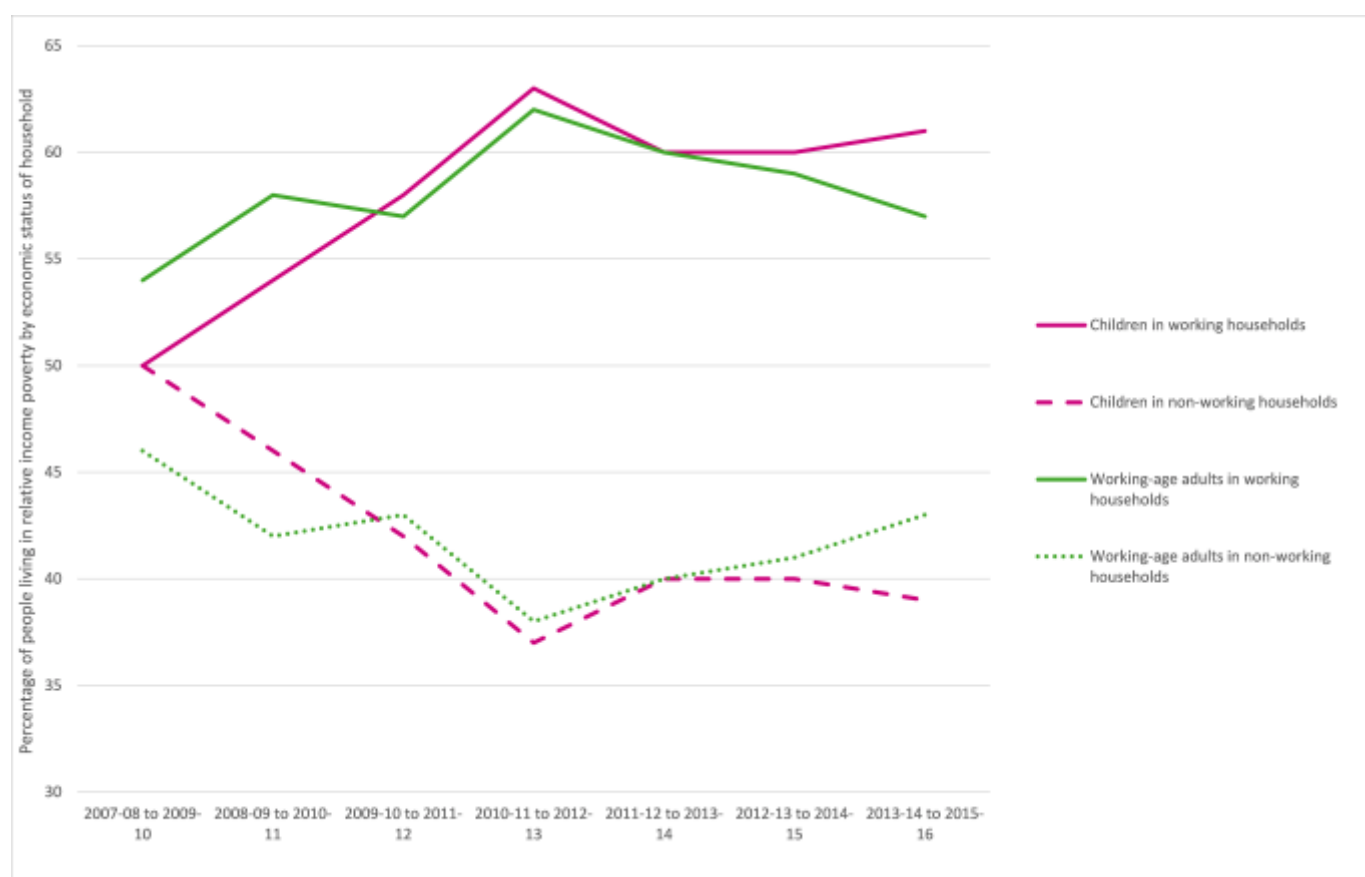
[Figures published by the Welsh Government last week](#) show that in Wales 61% of children and 57% of working-age adults in relative income poverty live in households where someone is in work. This shows an increasing trend towards in-work poverty, however households where no-one is working remain at greater risk of being in relative income poverty. It can be seen that, in 2013-14 to 2015-16, 68% of children living in non-working households are in relative income poverty compared to 22% of children living in working households. Similarly, 65% of working-age adults



living in non-working households are in relative income poverty compared to 23% of working age adults living in a household where someone is working.

[Looking at the overall figures](#), the latest figures for 2013–14 to 2015–16 show that after housing costs:

- 30% of children in Wales were living in relative low income households, compared to 23% of working age adults and 18% of pensioners.
- 23% of the Welsh population live in relatively low income households, the highest of the UK nations and all English regions except London and the West Midlands.



A quarter of people working in Wales earn less than the voluntary Living Wage

The voluntary living wage is calculated by the Resolution Foundation in November each year, and is currently £8.45 per hour outside London. It is the minimum amount needed for people to cover the living costs of their families. This is higher than the [National Minimum Wage and National Living Wage](#), set by the UK



Government's Low Pay Commission. These are the minimum amounts which employers are legally required to pay workers in most circumstances.

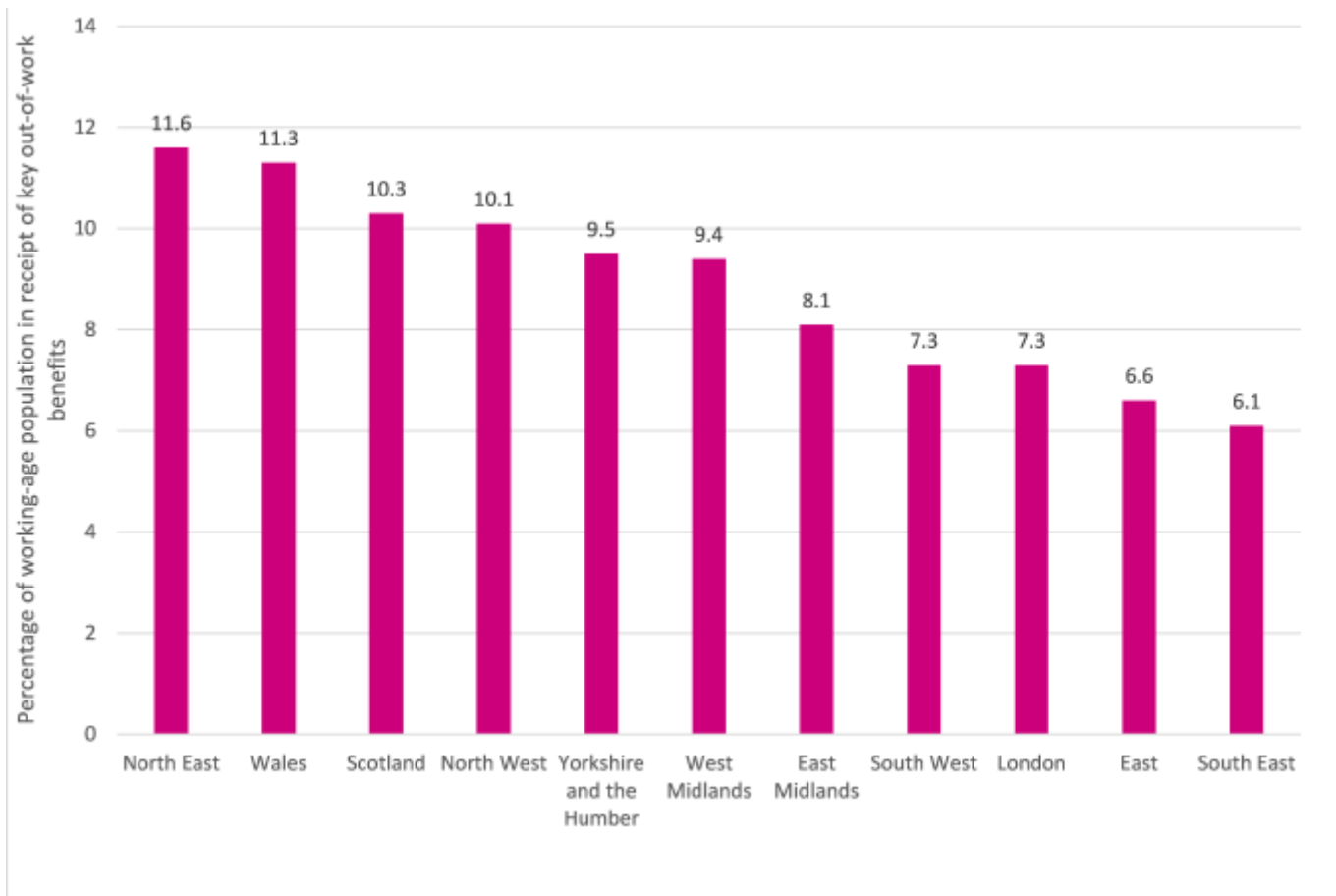
In April 2016 figures from the Office for National Statistics show that 285,000 people working in Wales earned less than the voluntary living wage, a quarter of all people employed in Wales. Of these, 172,000 (60%) were female and 113,000 (40%) were male. It can be seen from the ONS figures that:

- A higher percentage of workers in Wales earn below the living wage than in England and Scotland, however Northern Ireland has the highest percentage of workers earning below the living wage of the UK nations.
- Women in Wales are more likely to earn below the living wage than men, due to the greater percentage of women who work part-time. While a greater percentage of men (53.9%) who work part-time in Wales earn below the living wage than women (43.2%), 109,000 women working part-time earn less than the living wage compared to 39,000 men.

The percentage of people receiving out-of-work benefits in Wales is the second highest of the devolved nations and regions of Britain

In November 2016, 216,240 people, 11.3% of the working age population of Wales were in receipt of the main out-of-work benefits, which are not available to those in full-time employment. This is the second highest rate of the regions and devolved nations in Great Britain (social security is fully devolved to Northern Ireland which is not included in DWP benefits statistics).





Women in work earn less on average than men per hour

There are two common ways of comparing differences in the pay of female and male workers – **both of these show that on average women are paid less per hour than men in both Wales and the UK.**

- The headline measure [used by the Office for National Statistics](#) compares median hourly earnings of women and men working full-time, excluding overtime. [Using this measure](#), in 2016 the gender pay gap in Wales was 7.5% for full-time workers, below the UK figure of 9.4%.
- Another way used to measure the gender pay gap is to look at median hourly earnings excluding overtime for all working women and men, as this takes into account that women are considerably more likely to work part-time than men. [Using this measure](#), in 2016 the gender pay gap in Wales was 15.7% for all workers, below the UK figure of 18.1%.



Insecure work in Wales is on the rise

The Trades Union Congress (TUC) has [published analysis](#) based on data from the ONS highlighting the rise in 'insecure work' in Wales and across the UK in recent years. They class 'low-paid self-employment', temporary work and zero-hours contracts as being indicators of insecure work, due to these types of work having fewer employment rights and income protections.

[By the TUC's definition](#), 9.1% of Welsh workers are in insecure work in October – December 2016 compared to 8.2% in October – December 2011. This percentage is higher than in Scotland, but lower than in all of the English regions, of which the North East has the highest rate of insecure work at 10.7%.

The TUC states that there were around 48,000 more jobs in Wales in October – December 2016 than in October – December 2011. Of these, it states that 34% were in insecure employment.

So what should the Welsh Government do about all of this, and what can it do within its devolved powers? Have a look at [the responses to the Committee's consultation](#) and tune into the evidence sessions to find out what people think.

Article by [Gareth Thomas](#), National Assembly for Wales Research Service.

Source: Stats Wales, [Children in relative income poverty by economic status of household](#) and [Working age adults in relative income poverty by economic status of household](#)

Source: NOMIS – Official Labour Market Statistics, [DWP Benefits: Benefit Claimants – Working Age Client Group](#)

