



Llywodraeth Cymru
Welsh Government

PUBLICATION

Cabinet Sub-Committee on Cost of Living meeting: 5 December 2022

Minutes of the Cabinet Sub-Committee on Cost of Living
meeting on 5 December 2022.

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Contents

Present

Previous meeting

UK government Autumn Statement

Financial inclusion

Update and next steps

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Present

- Rt. Hon. Mark Drakeford MS (Chair)
- Mick Antoniw MS
- Rebecca Evans MS
- Lesley Griffiths, MS
- Jane Hutt MS
- Julie James MS
- Jeremy Miles MS
- Hannah Blythyn MS
- Dawn Bowden MS
- Julie Morgan MS

Officials

- Andrew Goodall, Permanent Secretary
- Des Clifford, Director Office of the First Minister
- Will Whiteley, Head of Cabinet Division
- Jane Runeckles, Special Adviser
- Ian Butler, Special Adviser
- Alex Bevan, Special Adviser
- Kate Edmunds, Special Adviser
- Philippa Marsden, Special Adviser
- Jo-Anne Daniels, Director General Education, Social Justice and Welsh Language
- Reg Kilpatrick, Director General, COVID-19 recovery and Local Government
- Judith Paget, Director General, H&SS
- Jo Salway, Director Social Partnership and Fair Work
- Claire Bennett, Director Communities and Tackling Poverty
- Andrew Jeffreys, Director Welsh Treasury

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- Emma Watkins, Deputy Director Budget and Government Business
- Jonathan Price, Chief Economist
- Toby Mason, Head of Strategic Communications
- Catrin Sully, Cabinet Office
- Liz Lalley, Director, Recovery & Re-start
- Maureen Howell, Deputy Director, Tackling Poverty and Supporting Families
- Tom Smithson, Deputy Director COVID recovery and Local Government Group
- James Burgess, Rural Development Division
- Christopher W Morgan, Head of Cabinet Secretariat
- Damian Roche, Cabinet Secretariat (Minutes)

Item 1: Minutes of the previous meetings

1.1 The committee agreed the minutes of 7, 14 and 28 November / Cytunodd y Pwyllgor cofnodion y cyfarfodydd ar 7, 14 a 28 Tachwedd.

Item 2: Oral update on impact on cost of living support in the UK Government Autumn Statement and Welsh Government Draft Budget

2.1 The Minister for Finance and Local Government focused the update on the specific cost of living elements associated with both the UK Autumn Statement and the forthcoming Draft Budget.

2.2 The Statement on 17 November contained an additional £1.2 billion over the next 2 years for Wales, £666 million in 2023-24 and £508 million for 2024-25. Ministers were aware how this funding was to be utilised in the forthcoming Draft

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Budget.

2.3 The Chancellor took some actions in his Statement to provide support to mitigate the impacts of the cost-of-living crisis. Steps were taken to tighten universal support measures such as the energy price guarantee and better target support to the most vulnerable through additional support to those on benefits.

2.4 However, as set out in a recent Oral Statement to the Senedd, the measures did not go far enough, and the cost-of-living crisis would remain extremely difficult for many in Wales. Calls for further assistance would inevitably increase in the coming weeks and months, and the Sub-Committee had heard much harrowing evidence of the impacts in previous meetings.

2.5 The testimonies heard in this Sub-Committee from citizens and communities across Wales, particularly those of children and young people, continued to bring into sharp focus the problems facing so many across Wales.

2.6 Therefore, whilst preparing for the Draft Budget, a particular focus on providing support for the cost-of-living crisis was a key part of Cabinet's decision-making.

2.7 The Autumn Statement had resulted in a number of consequentials for Wales, including £294 million from business rates in 2023-24 and circa £90 million as a result of the Household Support Fund. Other consequentials related to health and social care and to education.

2.8 It was for Welsh Ministers to decide how to utilise these consequentials, in line with the guiding principles of devolution, and although a considerable proportion of them would be used for measures to support the current crisis, given the gaps which remained in the funding settlement and pressures across portfolios, some of the money would be directed elsewhere.

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2.9 A number of cost-of-living crisis allocations had been suggested for agreement by Cabinet, including: £18.8 million in 2023-24 for the Discretionary Assistance Fund, and the same in the following year; a total of £16 million in each of the next 2 years for the Pupil Development Grant and Free School Meals; and £10 million in each of the next two years to support homelessness provision.

2.10 Funding allocated to the RSG would also support cost of living interventions, by the very nature of the support that local authorities provided to their communities.

2.11 The Draft Budget would also set out a £292 million package of business rates support for 2023-24 and £145m in 2024-25. This was an important measure that recognised the work relating to the impact of the crisis across SMEs and other businesses. This support would be vital given the current recession.

2.12 The allocations being made in the Draft Budget represented only a small part of the Budget. Spending plans for the next 2 years were set as part of the last multi-year Spending Review, so funding remained in place across a range of MEGs in support of the cost-of-living crisis. The Programme for Government contained a number of commitments, which would help people, communities and businesses across Wales and delivery remained a key focus.

2.13 The Draft Budget narrative and communications were currently in development and a major theme running throughout was the continuing support provided to those most impacted by the crises being faced, of which the cost-of-living was the most predominant at present.

2.14 The Sub-Committee welcomed the update and noted the Welsh Government's continued ambition, which was to support people across Wales through these difficult times.

Item 3: Discussion on financial inclusion

3.1 The Minister for Social Justice introduced the paper, which provided an update on financial inclusion agenda actions and outlined the practical steps Welsh Government could take to promote the use of broadband social tariffs.

3.2 It was noted that work with the Money and Pension Service and key stakeholders was continuing, with the aim of delivering the UK Strategy for Financial Well-being Delivery Plan for Wales, which would drive positive changes to people's personal finances.

3.3 The plan identified measures being taken forward to improve financial outcomes for everyone, including those who were routinely excluded from accessing the assistance they needed for a variety of reasons.

3.4 The Sub-Committee noted the good progress with Credit unions, which formed a central part of financial inclusion work. An extra £620,000 had been made available for credit unions in 2022-23, with £20,000 to continue an intensive digital marketing campaign and £600,000 to expand lending. This was in addition to the £500,000 already in place to support their work.

3.5 In addition, the Welsh Government loan expansion scheme was supporting more financially vulnerable people to access fair credit through underwriting riskier borrowers. Between May and September, 580 borrowers that were classed as risky due to their creditworthiness had been able to access an affordable loan. This number was growing month on month and despite this being a relatively small project, it demonstrated that working with customers supportively in this way could achieve positive results and help move individuals away from high-cost credit or illegal credit use.

3.6 All ministers were encouraged to visit their local credit union to promote affordable lending and raise profiles and work was ongoing to maximise publicity

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around such visits.

3.7 £1 million had been provided for a 'No Interest Loan Scheme', which was due to lend its first loans in Wales during week commencing 5 December. This was being delivered by a new consortium, Social Credit, which was an experienced partnership between Robert Owen Community Bank, Purple Shoots and Plend. The pilot would allow more people to access affordable credit and was a small project to test the concept during its first months of delivery.

3.8 It was reported that Communities Housing Cymru had facilitated dialogue with responsible lenders and housing associations to encourage the use of benefit calculators on their webpages. A good example of this was Credit Union of Wales, who had recently embedded a benefits calculator into their small loans page, maximising the opportunity for people to check their entitlements.

3.9 A Welsh language calculator was also being developed, which would be available on the Welsh Government website early next year.

3.10 It was noted that social partners could help improve financial resilience through the promotion of payroll savings schemes, which were provided by Moneyworks Wales.

3.11 Opportunities to test 'Rentflex' in Wales were being sought, which would allow regular commitments to be paid more flexibly and council tax might be another area to consider.

3.12 The committee welcomed the continued funding for the Discretionary Assistance Fund for the next two financial years of £38.5 million. Feedback from Social Partners had indicated this fund was an essential lifeline, providing nearly £20 million of support to the most financially vulnerable since April this year, including support for off-grid fuel payments. 333 awards had been made for off-grid fuel to end-October, totalling more than £67,000 in grant payments from the DAF.

3.13 This supplemented work on helping those most impacted by the huge increases in energy prices. The Welsh Government Winter Fuel Payment Scheme 2022-23 was launched on 26 September and as of the 18 November, 260,638 households had received a £200 payment. In addition, partnership working with the Fuel Bank Foundation (FBF) was ongoing, to deliver a £4m fuel voucher scheme aimed at providing crisis help to those households who had to pay in advance for their energy and were unable to do so. Forty organisations were at various stages of becoming FBF partners and so far 4,000 pre-payment meter vouchers had been claimed.

3.14 It was reported that a UK national campaign on social tariffs had been created and a soft launch completed on 21 November. There were currently fourteen telecoms providers offering a social tariff, but latest Ofcom data in September stated that only 3.1% of the UK had taken up a social tariff, from a possible 4m eligible households.

3.15 Further work was being done on linking social tariff campaign resources with the existing Claim What's Yours and Here to Help Campaigns in Wales and further work with Citizens Advice would take place.

3.16 The provision of free data sims at warm hubs was being explored, which would be provided through the National Databank, an initiative overseen by the Good Things Foundation and supported by Digital Communities Wales.

3.17 The Committee noted that Dŵr Cymru were keen to promote their water social tariff in Wales and there were savings of up to £230 per household available for the most vulnerable. This would be highlighted through RSLs.

Item 4: Discussion on update and next steps

4.1 The First Minister introduced the paper, which set out the wide range of

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actions taken by the Welsh Government since the Sub-Committee was established and the further work that would be required moving into the new year.

4.2 It was acknowledged that regular meetings with local authority leaders had been useful to establish strong working relationships during this and other crises and that work would continue.

Cabinet Secretariat
December 2022

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