



Llywodraeth Cymru  
Welsh Government

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# Cabinet Sub-Committee on Cost of Living meeting: 12 December 2022

Minutes of the Cabinet Sub-Committee on Cost of Living  
meeting on 12 December 2022.

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## Present

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

## External contributors

- Rt. Hon. David TC Davies MP, Secretary of State for Wales
- Mims Davies MP, Parliamentary Under Secretary of State for Social Mobility, Youth and Progression
- Dr Abdul-Azim Ahmed, Assistant Secretary General, Muslim Council of Wales
- Andy John, Archbishop of Wales
- Cllr. Andrew Morgan OBE, Leader, WLGA
- Ellie Harwood, CPAG
- Naomi Alleyne, WLGA
- Paul Slevin, South Wales Chamber of Commerce
- Ruth Marks, WCVA
- Shavanah Taj, Wales TUC

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## 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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- 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: Update on UK government support for

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## cost-of-living

1.1 The First Minister welcomed the Secretary of State for Wales, the Rt. Hon. David Davies MP and Mims Davies, Parliamentary Under Secretary of State for Social Mobility, Youth and Progression to the regular stakeholder meeting of the Cabinet Committee on Cost of Living.

1.2 The SoS set out the actions taken by the UK government to support the cost-of-living crisis, alongside the financial decisions announced at the recent Autumn Statement.

1.3 The committee noted the Energy Price Guarantee would continue after March next year, albeit at a lower rate. The SoS set out that the impact of inflation and the war in Ukraine had contributed to the difficult situation the UK now found itself in, but following the uncertainty caused by the previous prime minister, the Chancellor's Autumn Statement had provided reassurance to the markets.

1.4 It was noted that work to embed benefits calculators for those who were not already claiming what they were entitled to were being embedded across UK and Welsh Government platforms.

1.5 The UK government had established an income maximisation task and finish group that was considering all aspects of skills and wider training support.

1.6 An additional £67 million in benefits had been claimed as a result of this work and the aim was to focus support towards the most vulnerable in society, such as care leavers, veterans and domestic abuse sufferers, amongst others. Work coaches were being networked throughout job centres who would also provide in-work coaching so those on the lowest incomes could improve their situations.

1.7 The point was made that discretionary housing payments had reduced over the last 2 years, and this was an area the UK government should explore further. In addition, the issue of fuel poverty and those on pre-payment meters needed urgent consideration, including a direction for energy companies to be more transparent with their data sharing about those on PPMs and the reasons for their transition from traditional payment methods.

1.8 There was a call for more energy costs support for the third sector, as there was potential for some areas to become unsustainable next year. It was noted that county voluntary councils were working with local authorities across Wales to provide energy audits for community buildings and the strong links across social partners were vital at this time.

1.9 The committee noted that support for those individuals who were off grid had increased from £100 to £200 and further work would be done by the UK government to consider what additional support could be provided to the third sector and businesses next year.

1.10 The committee suggested some practical steps that could be taken to mitigate the cost-of-living crisis, which would not have significant cost implications.

1.11 The first of these was to remove standing charges for pre-payment customers. The cost of doing so should be absorbed by the energy companies rather than the UK government.

1.12 Secondly, an uplift to discretionary housing payments and local housing allowances should be considered, as this constituted an invest to save measure, which should lead to fewer people becoming homeless, which in turn would save money for the UK and Welsh Government.

1.13 Thirdly, a UK-wide scheme for discretionary loans from credit unions should be supported, based on the successful pilot carried out in Wales.

1.14 In addition, it was noted that most DAF payments were currently being made to those waiting for Universal Credit, so the 5-week wait for UC payments should be looked at again by the UK government.

1.15 The sub-committee welcomed the update and noted the Welsh and UK government's shared ambition to support people across Wales through these difficult times.

## **Item 2: Update on Welsh Government support for the cost-of-living**

2.1 The Minister for Social Justice provided an update on the £1.6 billion Welsh Government investment this year, which was supporting people through the cost-of-living crisis by providing targeted help to those who needed it most and through programmes and schemes that put money back into people's pockets.

2.2 This included the £380 million invested since November last year in direct support to individuals facing financial hardship.

2.3 It was reported that £90 million had been allocated to run a second Welsh Government Winter Fuel Support Scheme in 2022-23, which was supporting people on low incomes with a non-repayable £200 payment towards their energy costs. Local authority partners had made payments to over 275,000 households as of 2 December. This extended second scheme built on last year's, which supported over 166,000 households.

2.4 To date in 2022-23, more than 200,000 people had been supported by the Discretionary Assistance Fund, with over £23 million in grants awarded to those experiencing acute financial vulnerabilities. More than £14 million of these grants were emergency cash payments to help individuals and families with basic living costs.

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2.5 In addition, 2 national Claim What's Yours benefit take-up campaigns had been delivered and over 8,000 people across Wales had responded to the campaign's call for people to contact Advicelink Cymru. This had resulted in more than £2.1 million of additional benefit income being claimed. A further campaign around the cost-of-living was also due to be rolled out.

2.6 The Welsh Government's Single Advice Fund service offered welfare benefit entitlement checks for individuals, regardless of the problems they were seeking advice about. Since January 2020, Single Advice Fund services had helped people across Wales to claim over £83 million of additional benefit income.

2.7 Another flagship programme was the provision of Warm Hubs, and an initial £1 million had been provided to support local authorities and community groups expand and enhance the provision across Wales. There were now over 300 places offering warm and safe places for people who could not afford to heat their homes to utilise this winter and a further statement would be issued later that week.

2.8 On the Fuel Bank Foundation, 2,666 vouchers had been issued to support those not able to top up their pre-payment meters (PPMs), which supported over 6,300 people. The Foundation's 'Heat Fund', established as part of the £4 million support package provided by the Welsh Government, had supported over 50 households to bulk-buy fuel worth £21,000.

2.9 In relation to energy and PPMs, it was noted the Minister for Social Justice had met several energy suppliers to discuss the issues.

2.10 Approximately 200,000 households in Wales used PPMs for their main gas and electricity. This represented approximately 15% of all households and 24% of tenants in the private rented sector. Almost half of social housing tenants (45%) also used PPMs. Many of these bill payers were on the lowest incomes yet were paying the highest tariffs for their energy.



2.11 The outcome of discussions was that most suppliers agreed to share data, and most provided assurance that PPMs were a last resort. Support and referrals to debt advice were provided when necessary.

2.12 In relation to standing charges, it was noted that some suppliers did not impose them for PPM customers, but others did, and a further meeting would be held in the New Year to maintain the pressure on suppliers to remove these charges.

2.13 On credit unions, along with the work to embed benefits calculators across Welsh platforms, it was also noted that ministers and social partners would be invited to support a day of visits and engagement with credit unions on 5 January, as experience had shown a significant rise in interest following previous events.

2.14 The sub-committee thanked the Minister for Social Justice for the update and welcomed the work being done to mitigate the worst impacts of the cost-of-living crisis.

### **Item 3: Update from social partners on the cost-of-living challenges faced in communities**

3.1 The First Minister invited contributions from social partners on the current challenges being faced by communities across Wales due to the cost-of-living crisis.

3.2 Dr Abdul-Azim Ahmed from the Muslim Council of Wales noted that debt increases were a significant worry across the Muslim population. The introduction of low-cost loan options through Credit Unions would be welcomed, which would also deter the use of higher cost options and minimise the number of people being forced to use unscrupulous lenders.

3.3 There were 50 mosques in Wales and a population of approximately 67,000 Muslims and these were centres where information, help and support were made available to the community, alongside being places of worship. It was noted that these were mostly informal networks, and any additional support the Welsh Government could provide would be welcomed by the community.

3.4 There was an issue across the Muslim community whereby the majority were on the lower end of the socio-economic scale, although it was recognised this was not an issue solely for the Muslim community, but again, any additional support that could be focused on the needs of the community would be welcomed.

3.5 The Archbishop of Wales, Andy John provided an update on the engagement work carried out by the Church in Wales with supermarkets on the provision of better basic and essential options for those struggling the most, and whilst there had been some progress, they would continue to make the case.

3.6 In addition, the church had been working through its networks to provide parcels to those suffering from hygiene poverty, and the Committee noted that it was on track to deliver a significant number of items to those most in need.

3.7 The point was made by Ellie Harwood that benefits being uprated was a positive step, but as inflation costs for the poorest were often higher than for those who were better off, it would not be enough for the lowest income households to make ends meet.

3.8 A pause in legacy benefit migration should be instigated by the UK Government, as up to 1 in 3 in receipt of child benefit could be worse off once those benefits were rolled into Universal Credit. In addition, Welsh Government support for the poorest to be able to access the benefits they needed was noted as vital, and the additional support for the DAF welcomed.

3.9 The committee agreed with a suggestion by Paul Slevin from Chambers of

Commerce Wales that his organisation should discuss with Welsh Government official's payroll deduction schemes for employees wishing to utilise Credit Unions.

3.10 Cllr. Andrew Morgan, Leader of the WLGA, noted that demand for Warm Hubs had been steadily increasing as the weather had turned colder and the scheme was already seen as a success. In addition, the Committee noted the good work done in RCT collecting over 4,000 gifts for the poorest children, which served to reinforce the message that the wider public were aware of the issues and were willing to assist.

3.11 Naomi Alleyne from the WLGA set out the continued series of meetings undertaken by partners across local authorities and noted that a revised briefing would be shared with the Committee early in the New Year on activity to address the crisis across LAs in Wales.

3.12 Shavanah Taj from the Wales TUC then updated the Committee about the involvement of union representatives with the Warm Hubs programme. It was noted that public sector wage growth was the worst it had been for over half a century and the resulting strike action was ongoing at present around the difficulties with public and private sector pay.

3.13 Ruth Marks from the WCVA reported 3 main areas of interest. The first being from its recent survey which indicated that service demand was predicted to rise by 98%, alongside the worries about increased energy costs. Many volunteers were unpaid and did not claim expenses they were entitled to, but several organisations were now reporting it was unlikely they would even be able to offer expenses going forwards.

3.14 Secondly, the point was made that inequalities continued to increase, with one example being those suffering from sight loss, who could expect to face 73% higher costs than those without such different abilities.

3.15 Thirdly, on credit unions it was suggested there was scope for a blended finance product between the Welsh Government and Lottery Fund that could address some of the low-cost loan needs.

3.16 The First Minister thanked all for their contributions and attendance at the committee over the past term.

Cabinet Secretariat  
December 2022

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