



Llywodraeth Cymru
Welsh Government

PUBLICATION

Cabinet Sub-Committee on Cost of Living meeting: 9 January 2023

Minutes of the Cabinet Sub-Committee on Cost of Living
meeting on 9 January 2023.

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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

- Professor Rachel Ashworth, Chair of the Cost of Living Expert Group

Officials

- Andrew Goodall, Permanent Secretary
- Des Clifford, Director Office of the First Minister
- Rebecca Dunn, 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

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- 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
- 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
- Christopher W Morgan, Head of Cabinet Secretariat
- Damian Roche, Cabinet Secretariat (Minutes)
- Maureen Howell, Deputy Director, Tackling Poverty and Supporting Families
- James Burgess, Interim Deputy Director, Cost of Living
- Carla Llewellyn, Cost of Living Team
- Christopher Morgan, Cost of Living Team

Item 1: Minutes of the previous meetings

1.1 The committee agreed the minutes of the 12 December / Cytunodd y Pwyllgor cofnodion y cyfarfod ar 12 Rhagfyr.

Item 2: Update from Welsh Government Ministers on our support for the cost of living – all ministers

2.1 The Minister for Social Justice began with an update on the Discretionary Assistance Fund, noting that between April and November 2022, over 195,000 people had received cash support from the fund, which amounted to more than

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£14.2 million in grants. This figure had increased from around 112,000 people during the same period in the previous financial year. Demand had continued over December with over 33,000 individuals accessing the assistance fund.

2.2 In relation to credit unions, almost 2,000 extra adult members had joined a union compared to the same quarter the previous year. Record levels of loan applications had been reported in the run up to Christmas, with over 1,000 extra loans been issued.

2.3 In addition, several ministers had visited Credit Unions early in the New Year to help boost membership.

2.4 On the Single Advice Fund, it was noted that by the end of September 2022, all services were exceeding their agreed performance volume targets by at least 20%.

2.5 It was reported that Citizens Advice Cymru had reported a 15% decrease in people seeking advice on energy debt and a 12% decrease in people seeking food bank vouchers in November 2022, but this was thought to be due to people not engaging during the period due to other concerns about Christmas.

2.6 In relation to the Fuel Support Scheme, as of 16 December, almost 290,000 households had received a £200 payment to support them with their energy costs. This was in comparison to 166,780 households who benefitted from the 2021-22 Winter Fuel Support Scheme.

2.7 It was reported that 11 of 22 local authorities had so far paid over 90,000 households automatically without the need for them to apply. It was suggested that more should be done to encourage the other Authorities to make direct payments, which would streamline processes and allow applicants to receive prompt payments. This would also open access to other benefits. It was agreed that this should be raised with local authority leaders and the process developed by Caerphilly County Borough Council could be highlighted as a good example.

2.8 The Minister for Education and Welsh Language then provided an update on food in schools, noting that more families were becoming eligible and applying for free school meals (FSM). There had been a rise of 4288 learners eligible for FSMs of transitional protection in the latest data, from 64,294 in 2021 to 68,582 in 2022. This number was expected to rise further following the next data collection.

2.9 On universal primary school FSM, delivery towards the commitment had made considerable progress in a short space of time. Almost 66,000 extra pupils would receive meals in the first year of roll-out and an additional 45,000 pupils were immediately eligible for FSM.

2.10 It was noted that £11 million had been committed to extending school holiday food provision for pupils traditionally eligible for FSM, which would run until the end of the February half term.

2.11 It was reported that anecdotal evidence from Pupil Development Grant Advisors was that there had been an increase in requests for support from schools and settings in the current year. PDG access figures showed 88% of the indicative budget allocation had been spent.

2.12 The Minister for Finance and Local Government provided an update on the Council Tax Reduction Scheme, with latest figures showing that almost 265,000 households received support with their council tax bills through the scheme, almost 1 in every 5 households in Wales.

2.13 The CTRS caseload had fallen gradually since the scheme was introduced in 2013, but there may be a lag between people beginning to feel the economic effects of the cost-of-living crisis and applying for support. In addition, demand for CTRS may have been tempered by other financial support provided or some households may have reached other arrangements with their local authority, such as spreading payments.

2.14 It was also possible that households had not realised they could be eligible for support, particularly if their income or employment status had not changed. This emphasised the continued need to raise awareness of the CTRS and to encourage take-up. Reports of planned council tax rises for 2023-24 had begun to emerge and this could also increase demand.

2.15 The Minister for Climate Change indicated that an increasing number of people were presenting as homeless, and many were families with young children.

2.16 In addition, the number of people sleeping rough had shown a sharp increase, approximately doubling since the start of the year.

2.17 There were reports from local authorities and Landlord representatives that there were high rates of section 21 notices being issued, leading to an increasing number of households seeking homelessness prevention support.

2.18 In addition, increasing numbers of landlords were looking to exit the Property Redress Scheme and at least one LA had reported that landlords were looking to exit the National Leasing Scheme, as it no longer covered their costs.

2.19 The committee agreed that early intervention and prevention remained the most effective means of home loss prevention.

2.20 The provision of energy efficiency advice and rollout of the optimised retrofit programme had been welcomed.

2.21 The committee noted that water bills were often the first to stop being paid as people were aware they could not be cut off by law, and it was suggested this data could serve as a useful early alert system for those who were in financial difficulty.

2.22 The issue of transport poverty was raised by the Deputy Minister for Climate Change, noting that over 50% of people could not see an alternative to

using their car. On average, 13% of household income is spent on costs associated with car travel. For those with cars on finance, on average they were spending 19% of their gross income on car-associated costs.

2.23 Other updates included the good work being done by Wrexham County Council to align at a strategic level with Credit Unions in the area. However, some Authorities and service providers were reporting that they were struggling to maintain facilities and services, such as leisure centres and swimming pools.

2.24 In addition, the childcare offer was being delivered, but the service was fragile and vulnerable to recruitment issues and the impact of the cost-of-living crisis outside of the control of the Government.

2.25 The First Minister thanked Ministers for their updates, and it was agreed that their briefing notes for the meeting should be shared with the committee.

Item 3: Update from Jonathan Price, Chief Economist

3.1 The First Minister invited the Chief Economist to provide an overview of the economic situation.

3.2 The overriding theme of uncertainty in a global context was still prevalent, with the war in Ukraine continuing unabated, ongoing impacts of leaving the EU, uncertainties associated with weather, and potential issues with Chinese supply chains due to Covid restrictions, although there were some early signs those might be easing.

3.3 The UK appeared to be in recession and although it might narrowly avoid the technical definition for the last quarter, the OECD were predicting the UK would experience the worst recession of any G7 nation, although it might be a shallow

one.

3.4 It was clear there was a historically unprecedented impact on people's living standards, with pay remaining flat for most of the previous decade since the financial crash and the public sector experiencing an 8% drop over that time.

3.5 The IFS were predicting a 7% squeeze on incomes, which was worse than during the aftermath of the financial crisis.

3.6 The impact on cost-of-living had revealed the disparity between certain members of society and those with protected characteristics had fared worse than others.

3.7 In relation to the Energy Price Guarantee, it was noted that whilst wholesale spot prices on the gas market had fallen, futures prices were more stable, which meant the cost of energy was unlikely to fall significantly for households in the near term. Allied to that was the reduction in support from April for businesses and households, although the poorest were being provided some protection. The real impact would be felt by households the following winter.

3.8 In terms of relative poverty, the increase to benefits and pensions in line with inflation was likely to see the gap narrow slightly, with middle-income families being squeezed and the top 5% with capital assets set to further increase their wealth.

3.9 There had been a significant increase in inactivity across the UK, which would have an impact on the economy. It appeared that a number of people in their fifties had retired early during the pandemic or, across age ranges, were suffering from long-term ill health. There were reports of a significant increase in heart, muscular skeletal and mental health issues that would inevitably be a concern over the medium to long-term.

3.10 The committee thanked the Chief Economist for the update and agreed to

feed back any specific areas of interest for a future presentation.

Item 4: Update on Expert Group – Professor Rachel Ashworth

4.1 Croesawodd y Prif Weinidog yr Athro Rachel Ashworth i'r cyfarfod, a rhodd ddiolch iddi am gytuno i Gadeirio'r Grŵp Arbenigol ar Gostau Byw, a'i gwahodd i gyflwyno i'r Pwyllgor. The First Minister welcomed Professor Rachel Ashworth to the meeting and thanked her for agreeing to Chair the Expert Group on Cost of Living and invited her to present to the Committee.

4.2 Professor Ashworth indicated that the group, which had representation from academic experts and sector representatives who could feed in the perspective of those with lived experience, would co-ordinate and gather a range of advice and evidence from eminent stakeholders. The membership would be shared with the Committee following the meeting.

4.3 The initial approach would be for an initial scoping meeting, followed by a full meeting of the group later that month, which would be an opportunity to provide a framework for the work and to emphasise the Welsh approach, including a focus on the Wellbeing of Future Generations Act.

4.4 It was noted that a representative from the Children's Poverty Action Group would be joining the membership and the group would seek advice from the Welsh Government equalities adviser when necessary.

4.5 It was suggested that the group should aim to focus on new research and ideas for policy interventions and initiatives, including the current response to the crisis, building on the work already done by the CSC to date. The group will consider making recommendations which apply to Welsh Government, the UK government and others. It was noted that Ministers would be meeting the Cost of

Living Expert Group on 16th February.

Cabinet Secretariat
January 2023

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