



Llywodraeth Cymru
Welsh Government

PUBLICATION

Cabinet Sub-Committee on Cost of Living meeting: 27 March 2023

Minutes of the Cabinet Sub-Committee on Cost of Living
meeting on 27 March 2023.

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Present

- Mark Drakeford MS
- Jane Hutt MS (Chair)
- Mick Antoniw MS
- Rebecca Evans MS
- Vaughan Gething MS
- Lesley Griffiths MS
- Jeremy Miles MS
- Hannah Blythyn MS
- Dawn Bowden MS
- Julie Morgan MS
- Lee Waters MS

External attendees

- Samantha James, Managing Director Household Customer Services, Dŵr Cymru
- Ruth Marks, WCVA
- Naomi Alleyne, WLGA
- Shavanah Taj, TUC
- Archbishop Andy John, Church in Wales

Officials

- 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

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- 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
- Jo Salway, Director Social Partnership and Fair Work
- 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
- Claire Germain, Deputy Director, Tackling Poverty and Supporting Families
- Christopher W Morgan, Head of Cabinet Secretariat
- Damian Roche, Cabinet Secretariat (Minutes)
- James Burgess, Acting Deputy Director, Cost of Living
- Heather O'Sullivan, Cost of Living Team

Apologies

- Julie James MS
- Lynne Neagle MS

Item 1: Minutes of previous meeting and introduction

1.1 Croesawodd y Gweinidog Cyfiawnder Cymdeithasol partneriaid i'r cyfarfod a nododd taw hi byddai'n Cadeirio'r Is-bwyllgor. The Minister for Social Justice welcomed partners to the meeting and indicated she had taken the Chair of the

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sub-committee.

1.2 It was reported that ministers had recently met with the Cost of Living Expert Group, which has been established to help inform the government's approach to the crisis.

1.3 The Expert Group had provided feedback as to what 'asks' should be made of the UK government ahead of the Spring Statement, which centred on concerns around inflation, energy and negative budgets. Consideration was also given to what more the Welsh Government could do to support people in the most difficulty. The group agreed the crisis was far from over.

1.4 Several partners at the meeting today were members of the group, and the minister thanked all for their participation.

1.5 The sub-committee agreed the minutes of 13 March / Cytunodd y Pwyllgor cofnodion o 13 Mawrth.

Item 2: Presentation from Dŵr Cymru on financial support

2.1 The Minister for Social Justice asked Samantha James, Managing Director of Household Customer Services for Dŵr Cymru to present to the group about the financial support and social tariff available for those struggling to pay their water bills.

2.2 It was reported that Dŵr Cymru aimed to offer industry leading provision for those facing financial difficulties. They currently had approximately 127,000 customers on their 'HelpU' social tariff, with capacity for an additional 40,000 should the need arise.

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2.3 The company had contributed £60 million towards social tariff support over 5 years and the HelpU tariff brought bills down to a more manageable level of £291 annually, compared to the average household bill of £499.

2.4 In addition, Dŵr Cymru was supporting 30,000 customers with its 'Water Sure Wales' plan, which supported high volume water users.

2.5 The not-for-profit company was currently monitoring the UK government's work on introduction across the industry of a single social tariff, but there were early concerns about whether initial proposals might provide less support to the most vulnerable customers.

2.6 Dŵr Cymru had recently launched a pilot scheme, 'Cymuned' in Rhondda Cynon Taff and Denbighshire local authority areas, for those customers who were working and therefore not eligible for social tariff support, but who were nonetheless experiencing significant budget deficits that meant water bills were a low priority for payment.

2.7 The scheme provided a financial fire break for customers, whereby charges were cancelled for up to three months, to enable people to better manage their finances. A referral scheme with partners including warm homes and NEST had been established to capture those eligible.

2.8 The point was made that awareness raising of social tariffs would be key to ensuring households and individuals were aware of the support on offer to them. Partners were encouraged to raise the profile of social tariffs with their networks and a team Wales approach should be taken to include community voluntary councils, local authorities, single advice fund providers and credit unions, amongst others.

2.9 The sub-committee thanked Samantha James for the presentation.

Item 3: Update from partners on cost of living

3.1 The Minister for Social Justice asked partners to provide updates across a range of cost-of-living impacts and to identify useful interventions and reflect on the UK government Spring Budget.

3.2 It was reported that, across the board, the impacts of the cost-of-living crisis were not abating and in certain sectors were worsening. For instance, the third sector was now 'running on empty', with charities relying on reserves for day-to-day running costs, as resilience had been eroded throughout the pandemic and beyond.

3.3 Citizen's Advice Cymru were reporting record numbers of people in debt, with an increase from 38% to 48% of people reporting negative budgets.

3.4 Food charities were running short of supplies and all this combined was to be seen through the lens of increasing inequality across society.

3.5 It was suggested the most impactful interventions had been in the form of direct cash support for families, such as through the Welsh Government's Discretionary Assistance Fund. The UK government's energy support scheme, which reduced bills at source, was due to end and bills would temporarily increase from April.

3.6 Organisations had begun planning for similar difficulties next winter, as despite a projected decline in inflation, this would not come soon enough for many to ward off the worst impacts of the current high food and energy costs, and the poorest families were expected to enter next winter with considerable debt burdens.

3.7 The point was made that warm hubs had been very well received, with the Welsh Government's funding of £1m assisting their establishment across Wales.

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Over 10,000 people had used the hubs in Cardiff and over 1200 in Blaenau Gwent.

3.8 The sub-committee agreed that collated data on impacts of certain interventions was needed across the piece and work would be continuing to gather as much evidence as possible to inform future programmes and planning.

3.9 It was noted that there was still some confusion amongst communities around entitlement to support, so clear messaging was vital.

3.10 The universal interventions offered by the UK government on energy support had missed opportunities to target funding to those most in need, and the Spring Budget had provided very little for Wales in terms of adult social care, mental health and wellbeing support.

3.11 Concerns also remained around funding for schools and public sector pay as the next financial year and negotiations continued.

3.12 It was noted that some of the lowest paid local authority staff in Wales were in receipt of support from food banks and many Teaching Assistants were struggling on the minimum wage. Anecdotal evidence suggested some individuals had resorted to selling personal possessions such as cars or re-mortgaging where possible to alleviate the pressure.

3.13 Allied to that was the continued pressure on food inflation and it was clear there was a need for the UK government to provide a boost to social security to help those suffering the most.

3.14 There had been knock on effects for the arts in Wales, with fuel cost increases being historically high, albeit dropping slightly recently, and artists and musicians were finding it difficult to afford transport costs.

3.15 Care workers, whilst benefitting from the real living wage delivered by the Welsh Government, were also impacted by the increase in fuel costs. In

addition, the private care workforce was often trapped by low wages, a lack of sick pay or reimbursement for travel expenses.

3.16 It was noted the spending power of the Welsh Government and partners was constantly eroded by high inflation and additional support was needed from the UK government to ensure services could be maintained at current levels.

3.17 It was reported that demand for food banks had remained high, whilst support for them had begun to decline, although financial support from members of the Church in Wales remained consistent.

3.18 There had been instances of food banks being broken into and the products resold on the black market, which indicated the level of desperation amongst some communities.

3.19 Despite this, there were encouraging examples across the country of food banks and warm hubs combining their resources to support their local communities.

3.20 The sub-committee thanked partners for their updates and agreed that further work would be taken forward on provision of data analysing the impacts of interventions deployed during the cost-of-living crisis.

3.21 In addition, a watching brief would be maintained on the UK government's proposed changes to disability benefits and partners would be encouraged to make joint representations with the Welsh Government about any detrimental impacts of sanctions, particularly on women.

Cabinet Secretariat
March 2023

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