



Llywodraeth Cymru
Welsh Government

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Cabinet Sub-Committee on Cost of Living meeting: 13 November 2023

Minutes of the Cabinet Sub-Committee on Cost of Living
meeting on 13 November 2023.

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Present

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

Officials

- Andrew Goodall, Permanent Secretary
- 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
- David Hooson, Special Adviser
- Jo-Anne Daniels, Director General Education, Social Justice and Welsh Language
- Reg Kilpatrick, Director General, COVID-19 recovery and Local Government
- Nick Wood, Deputy Chief Executive NHS Wales
- Andrew Jeffreys, Director Treasury
- Amelia John, Interim Director Communities and Tackling Poverty
- Claire Germain, Deputy Director Tackling Poverty and Supporting Families
- Jo Salway, Director Social Partnership and Fair Work

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- Christopher W Morgan, Head of Cabinet Secretariat
- Damian Roche, Cabinet Secretariat (Minutes)
- Jonathan Price, Chief Economist
- Toby Mason, Head of Strategic Communications
- Catrin Sully, Cabinet Office
- Bethan Davies, Cabinet Office
- Sarah Hall, Legal Services
- Liz Lalley, Director, Recovery
- Lori Frater, Head of Coal Tip Safety Taskforce
- Christopher W Morgan, Head of Cabinet Secretariat
- David Willis, Head of Tackling Poverty
- Theresa Jaynes, Tackling Poverty
- Emma Spear, DG HSS Office

External Attendees

- Simon Harris, Competition and Markets Authority
- Eleanor Marks, Ofcom
- Gwenllian Roberts, Ofwat
- Helen Bower-Easton, Financial Conduct Authority
- Neil Kenward, Ofgem
- Steven McGregor, Competition and Markets Authority
- Darren Griffiths, Financial Conduct Authority
- David Cross, Financial Conduct Authority
- James Radcliffe, Ofgem
- David Teague, Information Commissioner's Office
- David Roberts, Trading Standards Wales
- Judith Parry, Trading Standards Wales
- Emma Cooke, National Trading Standards Estates and Lettings
- Liz Withers, Solicitors Regulation Authority
- Nathan Barnhouse, Food Standards Agency

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- Kevin Smith, UK Regulators Network

Apologies

- Vaughan Gething MS
- Eluned Morgan MS
- Lynne Neagle MS
- Julie James MS
- Lee Waters MS

Item 1: Introduction, welcome and minutes of previous meeting

1.1 Croesawodd y Gweinidog Cyfiawnder Cymdeithasol Gweinidogion a phartneriaid i'r cyfarfod. The Minister for Social Justice welcomed ministers and partners to the meeting.

1.2 The sub-committee agreed the minutes of 16 October / Cytunodd y Pwyllgor cofnodion o 16 Hydref.

Item 2: Regulators Network for Wales, including Social Tariffs

2.1 The Chair introduced the item, before handing over to Simon Harris from the Competition and Markets Authority to introduce the network and its members.

2.2 It was reported the Competition and Markets Authority (CMA) prepared a proposal in 2022 to set up an informal Regulators Network for Wales akin to the

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Scottish Network, established in 2017.

2.3 It was considered that a gap existed in Wales with possible missed opportunities for intelligence gathering and sharing, learning from best practice across regulators and seeking possible common goals for consumers. There was also a UK Regulators Network (UKRN) of which the CMA and others were members.

2.4 The cost-of-living crisis had been the focus of the network since creation, with much work done on the issue of social tariffs for consumers.

2.5 The first presentation was by Eleanor Marks from Ofcom, which noted four main workstreams to assist telecoms customers through the cost-of-living crisis.

2.6 The first of these was the provision of social broadband tariffs, and Ofcom had consistently called on communications providers to not only provide, but to highlight these tariffs to those customers most in need of support.

2.7 It was reported that approximately 85% of broadband customers had providers who offered social tariffs, meaning savings of up to £200 per year for those eligible.

2.8 Ofcom would be publishing pricing trends data in December that would set out for the first time the take up of social tariffs by individual provider, which would effectively shine a light on those providers not offering or promoting them sufficiently to customers.

2.9 Another focus had been on in-contract price rises, with a review ongoing across the sector to ensure there was sufficient clarity for consumers about what they would pay under their contracts now and in future.

2.10 Removing barriers to getting the best deal for consumers was another goal, with a One Touch Switch rule making switching networks and technologies easier and quicker.

2.11 Finally, protecting vulnerable customers was a key priority for Ofcom, including issuing updated guidance about how providers should treat vulnerable customers and how they could best help customers in debt or struggling to pay.

2.12 The sub-committee then invited Neil Kenward from Ofgem to present, who noted that the impact of energy prices was being felt just as keenly by customers this year as the previous year, given that UK Government support was now more targeted.

2.13 Ofgem had progressed work to stop the practice of forced installation of Pre-Payment Meters (PPMs) for vulnerable customers, also ensuring that credit on an emergency basis was available to customers.

2.14 Improving the access to help offered by providers had been a focus for Ofgem, as debt and arrears were rising at present.

2.15 It was noted the UK warm homes discount policy was cross-subsidised by all bill payers and work was progressing on data sharing with water providers, given this was an early warning sign for households experiencing financial difficulties.

2.16 The next presenter was from Ofwat, Gwenllian Roberts, who noted that support for the vulnerable was a key focus for them as the water industry regulator.

2.17 There had been an increase in those on social tariffs in Wales, with 5% being the average across the industry, but Dŵr Cymru had around 8% of customers on a social tariff.

2.18 In addition, Ofwat were considering the price review for 2024 and were looking to act now to protect the vulnerable from future increases wherever possible.

2.19 The sub-committee then invited the final presenter from the network, Helen

Bower-Easton from the Financial Conduct Authority, to provide an update on mortgages, credit, savings, investments and pensions.

2.20 It was reported that 25% of all mortgage holders in Wales had experienced an increase in payments since May 2022, when the Bank of England started to raise interest rates to try to bring down inflation. There would be 33,500 mortgage holders rolling off fixed terms in the coming year, which represented 11% of the Welsh mortgage book.

2.21 Despite this, only 1.56% had been reported as in arrears at present although this was expected to gradually rise. Lenders were reporting the customer base was in a stronger financial position to deal with interest rate rises than previous similar occasions.

2.22 This was due to a combination of longer-term reforms such as affordability requirements and the more recent tailored support for borrowers, UK mortgage charter and Help to Stay scheme recently announced by the Welsh Government.

2.23 On credit, it was reported 19% were struggling to pay their bills and credit commitments, and 14% had missed a bill or loan payment in at least three of the last 6 months.

2.24 Again, there were a series of longer-term reforms the FCA had worked with lenders on, such as affordability tests and price caps for payday loans, whilst more recently temporary tailored support requirements had been made permanent, and consistency of customer treatment across sectors had been improved.

2.25 There was evidence that 33% of Welsh adults had used their savings or investments to cover day-to-day expenses, whilst 12% had no savings at all. In addition, 24% had no private pension provision whilst 54% were making contributions to a pension.

2.26 Recent action in relation to savings had included a competition review of savings rates and asking pension providers to signpost consumers to Pension Wise when accessing their pension.

2.27 The sub-committee welcomed the updates and thanked partners for all their work supporting the most vulnerable communities across Wales.

Item 3: Local food partnerships

3.1 The Minister for Social Justice and Chief Whip introduced the item, noting that members had heard recently from the Trussell Trust and others about the growing demand for emergency food.

3.2 It was clear that Welsh Government investment in efforts to tackle food poverty had helped community food organisations to meet a significant increase in demand, however, it had done little to stem the growing need for emergency food provision.

3.3 Work had been ongoing to consider food bank provision across Wales throughout the cost-of-living crisis, and it was evident there was a lack of joined up working between providers, and duplication of provision was evident in some places, whereas gaps existed for others.

3.4 In response to this, last year, the government had allocated £2.5 million to support the development of cross-sector food partnerships in each local authority area.

3.5 These multi-agency partnerships were building an understanding of local need and helping to drive co-ordinated activity which maximised the effectiveness of projects, ensuring that resources were targeted at areas of greatest need.

3.6 The funding had enabled the recruitment of co-ordinators for each area, who were working with partners such as Public Health Wales, Local Health Boards, public sector bodies, third sector organisations, businesses and academic institutions as well as local organisations such as housing associations and advice services.

3.7 The funding also supported Food Sense Wales, which was the coordinating body for the partnerships and there were examples across the government of the broader impact.

3.8 For instance, in the Economy portfolio there was the 'Backing Local Firms' approach, alongside the development of community food hubs.

3.9 In Health, there was Healthy Start, Nutrition Skills for Life and the delivery of 'Come & Cook' activity to new parents within Flying Start. In addition, the food partnerships were all linked with Health Board local public health plans.

3.10 In Education, food partnerships were promoting Food and Fun and delivering 'Get Cooking' to school aged children. Food Sense Wales was also developing resources for the Healthy Schools initiative and was involved in 'The School Food Hour' in Cardiff as well as supporting development of local supply chains in support of Universal Primary Free School Meals, including through the 'Welsh Veg in Schools' project.

3.11 In Climate Change, Food Sense Wales was supporting Climate Action Week by sharing stories from the Food Partnerships and encouraging their involvement. Climate and nature were also a strong focus of the food partnership work.

3.12 It was clear the partnerships were having an impact and helping to deliver priorities across a range of portfolios and with Government support, they also had the capacity to help deliver on a number of the recommendations made by the Expert Group on the Cost of Living.

3.13 The sub-committee welcomed the update.

Cabinet Secretariat

November 2023

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