

**Wales Expert Group on the Cost of  
Living Crisis**

**Summary Response and  
Recommendations for Action**

**August 2023**

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# **1. Introduction and background**

## **1.1 Expert Group on the Cost of Living Crisis**

In Winter 2023, Welsh Government formed a group of 18 experts (see Annex A), with considerable experience and expertise drawn from a range of organisations, to advise the Welsh Government Cabinet Sub-Committee on the Cost of Living Crisis (CoLC) on:

- a) the impact of the CoLC on people in Wales
- b) actions that should be taken to mitigate the impact of the crisis in Wales.

The Expert Group has since:

- a) held six internal meetings to compare and discuss evidence on the impact of the crisis;
- b) provided a list of recommended actions for the UK Government ahead of the Spring Statement;
- c) attended three meetings with the Cabinet Sub-Committee to illustrate the scale, depth and effects of the crisis on households in Wales and discuss draft recommendations with Ministers.

The remainder of this summary report presents the Group's recommendations for action on the CoLC. The recommendations are directed primarily to Welsh Government but there are also actions for others, including the UK Government.

There is broad agreement on this set of recommendations. We note that none of the organisations represented in the group is political in nature, so recommendations are explicitly and consciously non-partisan. It is also noted that this work does not preclude the organisations who participated from making independent subsequent recommendations to Welsh Government and others. Finally, group members have contributed based on their own expert knowledge and experience and this may not necessarily represent the views of their organisations.

## **1.2 The Cost of Living Crisis and its impact on Wales**

The CoLC has resulted from fast-paced, profound, and inflation-driven macro and micro economic developments, the effects of which have been felt by individuals,

households, and communities, and especially those on low incomes, since late 2021. These economic impacts have exacerbated pre-existing socio-economic conditions while also creating new social, health and wellbeing challenges, and widening existing inequalities.

The CoLC is persisting with deepening severity for households in Wales. It is having a profound and compounded effect on the lives of many people, with economic projections suggesting that the crisis will continue well into 2024 and will have long-term consequences<sup>1</sup>. Household energy bills will remain considerably higher than historic averages throughout the whole of 2023, with food inflation at its highest level since 1977<sup>2</sup>. In Wales the total number of food parcels distributed by the Trussell Trust in 2022/23 exceeded 185,000, an increase of 41% when compared with 2021/22.

Rising rent and mortgage payments are significantly affecting households' disposable income, with low-income households more likely to be private renters and subject to higher costs, due to a lack of social housing<sup>3</sup>. Evidence from Shelter Cymru demonstrates a rise in casework relating to rent arrears, rent levels, and mortgage arrears possessions<sup>4</sup>. Data indicate the full impact on housing security is yet to be felt as the numbers of people at risk of, or experiencing, homelessness and rough sleeping rises, and the bottleneck in Temporary Accommodation (TA) continues to build. Welsh Government data show that by May 2023 10,872 people, including children had been placed in TA, an increase of a third compared with 2022<sup>5</sup>. This is compounded by an acute shortage of social homes to rent, resulting in almost 90,000 households waiting for a home on social housing lists.

Pay, particularly in the public sector, has reduced in real terms and incomes are falling<sup>6</sup>. Debt is continuing to rise and, for the first time ever in Wales, half the requests for support from Citizens Advice Cymru in 2023 were from those in a negative budgeting situation where household bills outstrip income<sup>7,8</sup>. UK social security benefits are failing to provide sufficient support to low-income families as they have not kept pace with inflation.

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<sup>1</sup> <https://www.resolutionfoundation.org/publications/the-living-standards-outlook-2023/>

<sup>2</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costofliving/latestinsights>

<sup>3</sup> <https://ifs.org.uk/publications/housing-quality-and-affordability-lower-income-households>

<sup>4</sup> Shelter Cymru, Presentation to Cabinet Sub-Committee, May 2023

<sup>5</sup> <https://www.gov.wales/homelessness-accommodation-provision-and-rough-sleeping-may-2023>

<sup>6</sup> <https://www.ippr.org/news-and-media/press-releases/higher-pay-rises-for-public-sector-workers-in-key-services-would-not-be-inflationary-finds-ippr>

<sup>7</sup> Citizens Advice Cymru Cost of Living Dashboard July 2023

<sup>8</sup> <https://wearecitizensadvice.org.uk/living-on-empty-245f4b9acbe3#8556>

Current estimates show that Universal Credit levels are £35 per week short for a single person and £65 per week short for a couple<sup>9</sup>. Restrictions introduced in 2017 such as the two-child limit on Universal Credit, together with the freeze on the rate of the Local Housing Allowance, have contributed to the increased risk of rent arrears and place the private rented sector out of the financial reach of many households in need of a home. In addition, the migration of people from legacy benefits to Universal Credit is continuing apace, exposing people to a five-week wait for a first payment, payments to just one person in a household, and monthly, often variable, payments made in arrears.

The data show sustained and worsening impacts on health and wellbeing. Research from the Bevan Foundation shows that over half of people in Wales reported that their mental health was affected by their financial position during Winter 2023, with a third reporting that their physical health was impacted<sup>10</sup>, while almost 80% of residents surveyed by Public Health Wales reported they were 'very worried' or 'somewhat worried' about the CoLC during Winter 2023, with a quarter of respondents saying the rising costs of living were causing them substantial stress and anxiety<sup>11</sup>.

Evidence shows that particular low-income households, such as those with disabled people, Black, Asian and Minority Ethnic households, women, carers, and those with young children, are being disproportionately affected by the rising prices associated with the crisis<sup>1213</sup>.

The Expert Group is particularly concerned about households with disabled persons as the evidence shows that existing support and provision has been insufficient to support their independent living needs<sup>14</sup>. For example, over half of disabled people in Wales whose condition limits them considerably went without heating during Winter 2023<sup>15</sup>.

The data also indicate a need to direct support toward those households that fall just outside of eligibility thresholds for existing benefits, grants and allowances, particularly single parents or families with more than two children<sup>16</sup>. These

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<sup>9</sup> <https://www.jrf.org.uk/report/response-budget-2023>

<sup>10</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf>

<sup>11</sup> Public Health Wales Survey Nov 22-Feb 23, April 2023 (not yet published).

<sup>12</sup> <https://www.jrf.org.uk/report/unable-escape-persistent-hardship-jrfs-cost-living-tracker-summer-2023>

<sup>13</sup> Public Health Wales Survey Nov 22-Feb 23, April 2023 (not yet published).

<sup>14</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costofliving/latestinsights>

<sup>15</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf>

<sup>16</sup> <https://www.resolutionfoundation.org/publications/food-for-thought/>

households are not eligible for current support and are therefore at grave risk of falling into deeper poverty during the coming Winter. This will not only place their health and wellbeing at risk, but it will also create additional pressures on already stretched public services and place a greater demand on organisations providing advice and support.

### **1.3 Key considerations for the group**

The Wellbeing of Future Generations Act and Wales Wellbeing Goals have been at the forefront of the Group's thinking in developing its recommendations. The suggested actions focus on maintaining health and wellbeing by supporting households with the basic essentials - having food to eat, a home to live in, the ability to keep warm during the Winter, and the chance to meet friends and family. They also aim to ease constant worries around the cost of living.

The ways of working set out in the Wellbeing of Future Generations (Wales) Act are of significance here too as the response to the CoLC has to be one that is holistic, sustainable, avoids policy silos and cuts across portfolios. An effective response to this crisis requires collaboration between different sectors, multiple levels of government and all partners. It also demands long-term thinking so that we can take preventative action now that addresses immediate problems while also strengthening the resilience of future generations.

Governments have been responding to the crisis by taking important actions, including introducing Cost of Living payments via the benefit system and the Wales Fuel Support Scheme. While some interventions are continuing, such as Cost of Living payments to certain households on benefits, other forms of direct support have reduced in value or come to an end despite the ongoing crisis. In Wales, the Welsh Government has taken steps to upgrade the level of certain grants and allowances, such as the Discretionary Assistance Fund, while continuing efforts to alleviate poverty. These efforts are illustrated by the publication of a new Child Poverty Strategy for Wales that is currently out for consultation.

The Expert Group endorses the actions taken so far to combat the CoLC. Members are acutely aware that there is no 'magic bullet' that can address this situation and equally recognise that there is no need to reinvent the wheel either.

Put simply, the most effective response to the CoLC will be to:

- a) *maximise the reach and impact of current provision* - by increasing take up, reducing complexity and maintaining the value of grants and allowances;
- b) *target additional interventions toward those in greatest hardship* - in order to meet their essential needs for food, heating, housing, health and wellbeing;
- c) *recognise and support the households on the margins* – those who are slipping through the net and ineligible for existing provision.

Crises demand immediate responses from governments. The CoLC is impacting households and families *now* and if we do not take preventative action in key areas in the short-term, more people will suffer economic hardship and related health and wellbeing challenges. Any delay will store up problems and additional costs for public services and public finances into the future. Equally, the Expert Group recognises the need to build financial resilience over time and members are cognisant of the constraining budgetary context at all levels of government that may limit scope for action.

Nevertheless, the view of the Group is that the CoLC is so significant that it is vital that additional efforts are made in the short term, in addition to longer term reforms. These will require some additional funding which could be resourced through revenue generation or recovered cost savings. For example, the UK Government has accrued a significant underspend on energy-related CoLC initiatives, such as on the Energy Price Guarantee, Energy Bills Support Schemes and Alternative Fuel Payment. A case could be made for a portion of this underspend to be allocated to the devolved nations in order to support actions that need to be taken on the CoLC.

To summarise, the Group has been asked to make recommendations in a crisis that requires urgent action to mitigate harm in the short and long-term, within a context where resources are constrained. We have responded to this by:

- a) making evidence-based recommendations that will have an impact;
- b) identifying recommendations that are ‘low cost’ where possible;
- c) prioritising actions where investing now will produce savings to the public purse in the longer term;
- d) phasing recommendations over three time periods: Sept 2023-March 2024, April 2024-April 2026, and May 2026 onwards.

## 2. Action to be taken between September 23-March 2024

### 2.1 Making the most of existing help and provision

#### Maximising take-up

The Expert Group has reviewed evidence which indicates many devolved and non-devolved benefits, grants and allowances have take-up rates of below 100%. For example, a recent Public Health Wales survey showed that 30% of those surveyed were unaware of the Council Tax Reduction Scheme, with this figure rising to 75% in the case of the Discretionary Assistance Fund and Pupil Development Grant<sup>17</sup>. Public Health Wales research also shows that 40% of those eligible for Healthy Start are not claiming for this support. These low levels of take-up are explained by a combination of factors including a lack of awareness, the complexity involved in applying for grants and allowances, and stigma associated with taking support.

*1. The Expert Group recommends that both the UK Government and Welsh Government take action to improve the level of take-up of grants, allowances and benefit support already available to households.*

This recommendation can be implemented in Wales through a targeted, co-ordinated, data-driven campaign which would be delivered through local authorities and other organisations that are able to draw on data that can identify low-income households. The Expert Group suggests that in contrast to a wider public information campaign, a focused and co-ordinated approach will be more effective in the short-term as this will prioritise and reach those households most in need<sup>18</sup>.

#### Tackling high prices and raising awareness of social tariffs

The Expert Group is aware that prices are rising across a range of utilities and services and often where there is no clearly identifiable evidence base for an increase in costs - for example, in relation to internet and mobile phone services. In addition, utility costs have been rising for families. As well as managing the challenges of paying rising energy bills, Citizens Advice Cymru have reported that households are experiencing rising levels of debts on water and sewerage<sup>19</sup>. While

<sup>17</sup> Public Health Wales Survey Nov 22-Feb 23, April 2023 (not yet published).

<sup>18</sup> Public Health Wales, The Building a Healthier Wales Summit Report, 2023.

<sup>19</sup> Citizens Advice Cymru, Presentation to Cabinet Sub-Committee, March 2023.



utility companies have been offering social tariffs for services, there is a lack of awareness of these and consequently a low level of take up.

*2. The Expert Group recommends that the UK Government instigates a Competition and Markets Authority (CMA) inquiry to investigate increases in water charges and internet and data pricing.*

*3. The Expert Group recommends that the Welsh and UK Governments urge utility companies to engage in more proactive promotion and awareness-raising campaigns for social tariffs and demonstrate improved take-up of these tariffs.*

### Ensuring others play their part

It is important that a full range of organisations take action to alleviate the impact of the CoLC. The Expert Group has reviewed evidence which indicates that more progress could be made to coordinate partners. This would ensure that everyone is fulfilling their responsibilities and organisations can collaborate to accelerate collective action to address the CoLC.

*4. The Expert Group recommends that Welsh Government uses its powers to convene partner organisations and engage in constructive challenge on progress being made on Cost of Living-related policies to accelerate co-ordinated action.*

This recommendation can be implemented by Ministers chairing a series of focused meetings with partners to discuss, assess and support progress on CoLC actions including:

1. School governors on meeting their statutory obligations regarding school uniforms;
2. Social landlords on ending evictions into homelessness and promoting acquisitions, as well as private landlords on promoting and supporting stability and affordability;
3. Local authorities on driving enforcement of current tenant protections via LA Private Rented Sector Enforcement Officers;
4. Councillors and communities on resistance to the provision of temporary accommodation and social housing;
5. Local authorities on their local child poverty strategies and adoption of child rights impact assessments;

6. Third sector organisations, including those serving the populations most impacted by the CoLC, on maximising access to advice and support for households, and making best use of limited resources.

### Learning and evaluating

The Expert Group has identified a number of areas where additional data and further information would assist in assessing levels of compliance, reviewing progress, and evaluating the early impact of initiatives.

*5. The Expert Group recommends that Welsh Government collates and publishes additional data and information relevant to the Cost of Living Crisis in order to monitor progress and compliance.*

Recommendation 5 can be implemented by collating and publishing data on:

1. devolved grants and allowances including the number of applications, outcomes, expenditure and time from approval to decision;
2. quarterly spend by local authorities on Discretionary Housing Payments and Discretionary Homelessness Prevention Fund;
3. data on social landlords' allocations to assess levels of priority being given to homeless households, with cross-tabulated analysis to examine inequalities, and an examination of who is excluded from allocations;
4. Wales' smallest and potentially vulnerable household businesses, focusing on their financial resilience and insolvency rates<sup>20</sup>.

## **2.2 Ensuring low-income households have 'the basics'**

### Providing help with household bills

Data show that the value of benefits has declined in real terms<sup>21</sup> and that low-income households are more exposed to the effects of food and energy inflation<sup>22,23</sup>. The Expert Group also heard evidence that indicated over half of young people aged 12-18 in Wales are worried about their families having enough money, with a quarter concerned about having a home and enough to eat<sup>24</sup>. There

<sup>20</sup> Max Munday, Presentation to Cabinet Sub-Committee May 2023

<sup>21</sup> Huw Dixon, Presentation to Cabinet Sub-Committee March 2023.

<sup>22</sup> <https://www.resolutionfoundation.org/publications/food-for-thought/>

<sup>23</sup> <https://www.jrf.org.uk/report/unable-escape-persistent-hardship-jrfs-cost-living-tracker-summer-2023>

<sup>24</sup> [https://www.childcomwales.org.uk/wp-content/uploads/2023/07/AmbitionsforWales\\_FINAL\\_ENG.pdf](https://www.childcomwales.org.uk/wp-content/uploads/2023/07/AmbitionsforWales_FINAL_ENG.pdf)

are many types of households under severe pressure but the Expert Group is particularly concerned about:

- Low-income households with children, and in particular with three or more children - because these households are affected by the two-child limit on UC and receive the same UK Government cost-of-living payment as much smaller households;
- Low-income households that include a disabled person - because these households have additional living costs.

These specific household groups desperately need short term help with their rising costs. Ideally this would be addressed by a UK-wide uplift in Universal Credit but in the absence of this, the most effective method of achieving this is through additional payments.

Latest analysis from the Institute for Fiscal Studies shows that the UK Government Cost of Living (CoL) payments ‘helped to alleviate significant deprivation’ for households on the very lowest incomes<sup>25</sup>. The research reveals that that the summer payment ‘substantially boosted spending’ suggesting that many households were likely constraining spending and experiencing hardship ahead of the payment being made. Subsequent increases in grocery and entertainment spending indicated the payments provided an immediate injection of support for the basics, social participation and wellbeing.

The research also demonstrates that the UK Government CoL payments could have had an even greater impact if they had been tailored to the differing circumstances of vulnerable households and emphasises the importance of making regular payments through instalments rather than providing lump sums<sup>26</sup>.

*6. The Expert Group recommends that Welsh Government introduces an instalment-based Child Cost of Living Payment for low-income households with children.*

*7. The Expert Group recommends that Welsh Government introduces an instalment-based Disabled Person Cost of Living Payment for households with a disabled person.*

<sup>25</sup> <https://ifs.org.uk/news/lump-sum-cost-living-payments-poorly-designed-alleviate-deprivation>

<sup>26</sup> <https://ifs.org.uk/news/lump-sum-cost-living-payments-poorly-designed-alleviate-deprivation>

These recommendations can be implemented through a system where households are provided with three monthly payments in January, February and March 2024 administered by local authorities, similar to the Wales Fuel Support Scheme. The Group suggests that local authorities and Welsh Government work together to achieve high levels of take up, potentially through a ‘passporting’ approach.

Initial costings (see Annex B) indicate a total cost of circa £20 million for payments to low-income families with children (with payment per child based on the Scottish Child Payment<sup>27</sup>) and circa £8 million for low-income disabled households. These estimates are based on:

- a £150 payment to low-income households with 1-2 children which would cost £12.79m;
- a £300 payment to low-income households with 3+ children which would cost approx. £7.16m;
- a £150 payment to low-income households including a disabled person which would cost £8.37m.

The Expert Group has a further specific concern about the need for support with energy bills for the coming Winter given that these are still likely to be £600 higher on average than they were at the start of 2022. Evidence from Citizens Advice Cymru shows that energy bills for those receiving debt advice have risen by 73% since 2019, increasing from £112 to £194<sup>28</sup>. There are a range of actions to be taken here, including reviewing the implications of the new Code of Practice on involuntary PPM.

The Expert Group notes the consensus among energy suppliers, consumer groups and charities that prioritising targeted support in the form of a new social tariff would be the most effective way to support low-income households in the short term. Estimates indicate the introduction of a social tariff would deliver a significant benefit as it would mean families in receipt of debt advice would end the month with £13.18 to spare, rather than being £23.40 out of pocket, which represents a saving to them of £438.96 over 12 months<sup>29</sup>.

Action here would involve the UK Government publishing its planned consultation and working with others to implement a new social tariff as soon as possible.

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<sup>27</sup> These costings are based on the level of the Scottish Child payment (£25 per child) but other external rates could be adopted such as UC rate of £269.58 per month per child or Child Benefit rates which are £24 per week for a first child and £15.90 for a subsequent child.

<sup>28</sup> <https://www.energy-uk.org.uk/news/government-must-switch-on-to-help-vulnerable-energy-customers-this-winter/>

<sup>29</sup> <https://www.energy-uk.org.uk/news/government-must-switch-on-to-help-vulnerable-energy-customers-this-winter/>

*8. The Expert Group recommends that UK Government works with energy providers, consumer groups and charities to plan for the introduction of a new social tariff to support low-income households with their energy bills next Winter, in addition to:*

- a) reviewing of the implications of recent developments, such as the new Code of Practice on Involuntary PPM;*
- b) requesting a reduction in the premium on standard credit;*
- c) planning action on regional cost disparities.*

### *Free School Meals (FSM) for pupils 'slipping through the net'*

The educational, health and wellbeing benefits of FSMs are widely acknowledged. FSM reduce household costs for families, in addition to boosting financial resilience, providing nutritional benefits, and minimising the risks of poverty<sup>3031</sup>. The Expert Group very much welcomes Welsh Government's programme of Free School Meals (FSM) for primary school pupils in Wales but remains concerned about secondary school pupils.

Evidence from the Children's Commissioner for Wales indicated that there is a high level of worry about the CoLC from children and young people on the lowest incomes, with two-thirds of those in secondary school from the lowest income groups anxious about having enough food and a home<sup>32</sup>.

It is clear that the current limits on eligibility for FSM are restrictive<sup>33</sup>. The Expert Group is particularly focused on the situation for low-income households on benefits who do not currently qualify for FSM. These families are in receipt of Universal Credit but fall just outside of the eligibility criteria due to the earnings cap introduced in 2019. FSM provision is vital in helping these families avoid negative budgeting situations and experiencing deeper levels of poverty.

*9. The Expert Group recommends that Welsh Government extends the provision of free school meals to Years 7-11 for those households in receipt of Universal Credit, without a cap on earnings.*

<sup>30</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/04/Final-A-data-view-of-a-common-approach-to-Welsh-benefits-Bevan.pdf>

<sup>31</sup> [https://phwwhocc.co.uk/wp-content/uploads/2023/06/ENGLISH-PHW-IntHorizonScan\\_Report-44\\_June2023\\_FINAL-DRAFT.pdf](https://phwwhocc.co.uk/wp-content/uploads/2023/06/ENGLISH-PHW-IntHorizonScan_Report-44_June2023_FINAL-DRAFT.pdf)

<sup>32</sup> Children's Commissioner for Wales, Presentation to Cabinet Sub-Committee, May 2023

<sup>33</sup> Building a Healthier Wales Coordination Group, Report to Minister for Health and Social Care March 2023.

It is possible for this recommendation to be implemented from September 2023 through the pre-payment card system with additional funding of £3.8m. This is calculated on the basis that 8,335 pupils would become eligible, around 45 per secondary school<sup>34</sup>. This action provides considerable benefit to low-income households as the commitment from Welsh Government would represent an average cost saving to newly eligible households of £1281.59 per year<sup>35</sup>.

It also represents a significant Invest to Save opportunity. For example, a cost benefit analysis conducted by Urban Health UK estimates that FSM for all state pupils in England would deliver £41.3bn of core benefits, with a £1.71 return on every £1 invested in FSM between 2025-2045<sup>36</sup>.

The Group is mindful of the experience of introducing FSM across primary schools but is clear that there are important differences between the way school meal systems operate in primary vs. secondary settings. These differences indicate that implementation of FSM in secondary schools is much more straight-forward.

For example, most secondary schools already operate larger scale cafeteria systems, pupils use pre-paid cards for their meals, and fewer secondary pupils take packed lunches. All of this means that the kind of adaptation we have seen in primary schools will not be required in secondary schools, and certainly not to the same degree.

While FSM provision has a statutory basis, in our view legislative change is not a pre-requisite for extending provision as the Welsh Government has demonstrated in the introduction of primary free school meals.

### *Improving health and wellbeing through food and fun*

The Expert Group has reviewed evidence which shows that families are increasingly anxious about their financial situation and are often skipping meals to manage household budgets<sup>37</sup><sup>38</sup>. The Group is particularly concerned about the impact on children with research from the Children's Commissioner for Wales

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<sup>34</sup> <https://www.bevanfoundation.org/wp-content/uploads/2021/05/Extending-the-provision-of-Free-School-Meals-in-Wales-Policy-in-Practice-final.pdf>

<sup>35</sup> <https://www.bevanfoundation.org/wp-content/uploads/2021/05/Extending-the-provision-of-Free-School-Meals-in-Wales-Policy-in-Practice-final.pdf>

<sup>36</sup> <https://urbanhealth.org.uk/wp-content/uploads/2022/10/FSM-Executive-Summary.pdf>

<sup>37</sup> Public Health Wales Survey Nov 22-Feb 23, April 2023 (not yet published).

<sup>38</sup> <https://www.resolutionfoundation.org/publications/hoping-and-coping/>

indicating that two-thirds of 7-11 year olds and half of 12-18 year olds are worried about their families not having enough money<sup>39</sup>.

Given the recognised benefits that FSMs provide in reducing health inequalities, the Expert Group was disappointed to hear that FSM will not be available during the summer holidays of 2023 and, as we understand it, in any subsequent years during this Senedd term.

Members do welcome the announcement that the Food and Fun Programme for school children and young people will run across all 22 local authorities during the Summer 2023. This Programme helps families with their daily costs and improves their health and wellbeing. We recognise these benefits associated with Food and Fun and therefore would welcome its extension to cover other holiday periods in 2023 and 2024, given that evidence indicates Winter 2023-24 will be extremely challenging for households.

The Expert Group can also see potential benefit in an equivalent programme for adults that builds on the success of Winter 2023's Warm Hub programme. This could involve activities with health and wellbeing benefits organised in leisure centres and parks during the Autumn and support for Warm Hubs during the Winter.

*10. The Expert Group recommends that Welsh Government extends the reach of the 'Food and Fun' programme so that it prioritises low-income families and runs across all 22 local authorities during all school holiday periods in the Autumn, Winter and beyond.*

*11. The Expert Group recommends that Welsh Government supports and encourages local activity-based programmes for adults that provide help with costs and health and wellbeing benefits.*

### Providing warm and energy efficient homes

Research from Public Health Wales has underlined the negative health impacts associated with cold homes, and warned of the specific dangers that occur when temperatures fall below 18 degrees<sup>40</sup>. The Expert Group also heard sobering evidence from National Energy Action Cymru<sup>41</sup> on fuel poverty driven by the CoLC.

<sup>39</sup> Children's Commissioner for Wales, Presentation to Cabinet Sub-Committee, May 2023

<sup>40</sup> [https://phwwhoce.co.uk/wp-content/uploads/2022/11/PHW-Cold-homes-lit-review-28\\_11\\_22.pdf](https://phwwhoce.co.uk/wp-content/uploads/2022/11/PHW-Cold-homes-lit-review-28_11_22.pdf)

<sup>41</sup> Energy Action Cymru, Presentation to Cabinet Sub-Committee, March 2023

The Group has therefore identified the urgent need to upgrade the energy efficiency of fuel poor homes in Wales so that they can be warmer, greener, cheaper and healthier<sup>4243</sup>.

Members have been concerned about slow progress in this area but welcome the recent announcements on the new Warm Homes Programme and specifically Part 1 which outlines the new demand-led scheme to replace Nest.

The Group heard evidence from a Public Health Wales survey of 2500 residents which showed that almost 40% would like assistance to improve energy efficiency at home<sup>44</sup>. Members therefore welcome the confirmation of support for deeper retrofit for low-income homes, which will improve the energy efficiency of those least efficient households in Wales, increasing the budget cap per property.

*12. The Expert Group recommends that Welsh Government implements the new Warm Homes Programme with urgency, ensuring that the replacement demand-led scheme is procured and operational this Winter.*

The Group is clear that this is the best, most sustainable and lasting way of tackling fuel poverty and it will also help to cut housing carbon emissions. Keen to avoid any further delays, members feel that it is absolutely imperative that the new scheme is up and running as soon as possible this Winter.

Members also note that based on current levels, the new scheme will only be able to assist approximately 1500 fuel poor homes a year. It is vital therefore that the scheme receives as much funding as possible in future years so that it can operate at a greater scale and meet levels of demand.

### Keeping people in their own home

Evidence from Shelter Cymru demonstrates that the CoLC has exacerbated an already severe housing, and cost of housing, crisis. Wales' social housing waiting lists have increased by 40% in the last 4 years<sup>45</sup>, with the numbers of requests for support from Shelter Cymru regarding rent arrears, damp and disrepair, no fault

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<sup>42</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/05/Senedd-Housing-and-Local-Government-Committee-inquiry-into-the-Private-Rented-Sector.pdf>

<sup>43</sup> <https://business.senedd.wales/documents/s122018/FP12-%20National%20Energy%20Action%20Cymru.pdf>

<sup>44</sup> [Time to Talk Public Health: Panel Recruitment Survey - World Health Organization Collaborating Centre On Investment for Health and Well-being \(phwwhocc.co.uk\)](https://www.phwwhocc.co.uk/time-to-talk-public-health-panel-recruitment-survey-world-health-organization-collaborating-centre-on-investment-for-health-and-well-being)

<sup>45</sup> [Housing: Welsh family 'may have to move to Scotland' - BBC News](https://www.bbc.com/news/health-67444444)



evictions and, in particular, homelessness, all at an elevated level during the first three months of 2023<sup>46</sup>.

The Group was concerned to hear research from the Children's Commissioner for Wales showing that half of children aged 7-11 and a quarter of young people aged 12-18 surveyed were anxious about having a place to live and members note the latest Welsh Government data which shows a rise in the number of dependent children under 16 years living in Temporary Accommodation (TA) to 3,348<sup>47</sup>.

Support is no longer meeting household need, with UK Government Local Housing Allowance rates frozen at 2020 levels and therefore now completely out of step with rental costs<sup>48,49</sup>. Once again, the data indicate that specific low-income groups are being disproportionately impacted. The Expert Group also notes that Housing Support Grant (HSG) funding did not increase in 2023/24, while the costs of delivering these services has increased by an estimated 10%<sup>50</sup>. Coupled with a reduction in real terms HSG over time, this undermines the capacity of providers to assist with, and reduce, the pressures on TA at a time of rising homelessness.

The situation for vulnerable households that are currently in TA is worrying too. By May 2023 the number of people caught in the bottleneck of TA had increased by a third compared with 2022<sup>51</sup>. Members of the Group have particular concerns regarding the affordability of some TA where costs of accommodation and service charges are found to be especially high. There are also additional costs for households when accommodation does not provide basic facilities such as for cooking and washing, forcing them to pay for these separately when their household purchasing power is in decline. All of this creates particular challenges for those in TA trying to access employment opportunities and travel to their workplace.

The Expert Group also reviewed evidence on the cost of homelessness to the Welsh economy. For example, an eviction into homelessness costs Wales £60,000; while someone having to sleep on the streets for a year bears a cost of £20,000 to the public purse<sup>52</sup>. It is clear that keeping people in their home is not only good for health and wellbeing but will also deliver important savings - preventing

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<sup>46</sup> Shelter Cymru, Presentation to Cabinet Sub-Committee, May 2023

<sup>47</sup> <https://www.gov.wales/homelessness-accommodation-provision-and-rough-sleeping-may-2023>

<sup>48</sup> [Response to Budget 2023 | JRF](#)

<sup>49</sup> <https://ifs.org.uk/publications/housing-quality-and-affordability-lower-income-households>

<sup>50</sup> <https://chcymru.org.uk/news-and-blog/housing-support-services-in-crisis-the-consequences-of-a-real-terms-budget-cut>

<sup>51</sup> <https://www.gov.wales/homelessness-accommodation-provision-and-rough-sleeping-may-2023>

<sup>52</sup> Case study example, Valleys Inclusion Project project evaluation, Shelter Cymru 2011 (cost benefit analysis by Cordis Bright) ; 'At What Cost?' (Crisis 2015 <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/cost-of-homelessness/at-what-cost-2015/>)

homelessness for one year results in a reduction in public expenditure of £9,266 per person<sup>53</sup>.

The following set of recommendations reflect a pragmatic Invest to Save approach at a time when there is a persistent upward trend in homelessness and a shortage of suitable and affordable temporary or settled accommodation. They bear a lower financial and wellbeing cost than would be incurred should households become homeless and need TA provision and the Expert Group is clear that they represent the best way of preventing homelessness during the CoLC.

*13. The Expert Group recommends that the UK Government unfreezes the Local Housing Allowance so that it aligns with market rents.*

*14. The Expert Group recommends that Welsh Government steps up homelessness prevention by further investing in Discretionary Housing Payments (DHPs) and the Discretionary Homelessness Prevention Fund (DHPF), and promoting their use.*

*15. The Expert Group recommends that Welsh Government alleviates pressures on people in TA by ensuring that relevant cost of living help is routinely offered and made accessible to diverse households in TA and by providing consistent and targeted support for people in unaffordable TA.*

The Expert Group recognises that Discretionary Housing Payments (DHPs) and Discretionary Homeless Prevention Funds (DHPF) are playing a vital role in preventing homelessness<sup>54</sup>. However, estimations from a recent Bevan Foundation report indicate that, going forward, an additional £2.4m DHP ‘top-up’ investment will be needed to mitigate the severe housing pressures that we face.

On this basis, recommendation 14 can be implemented through an overall investment of £4m that would cover both DHPs and DHPF. This investment should be subject to quarterly monitoring by Welsh Government to promote the use of allocated funds to prevent homelessness.

The additional investment will be vital in enabling local authorities to intervene early and effectively to prevent homelessness, drawing on examples of good practice. Furthermore, evidence from Shelter Cymru shows that 1 in 10 people in TA have been excluded from social housing waiting lists due to Former Tenants’

<sup>53</sup> <https://phwwhocc.co.uk/resources/making-a-difference-housing-and-health-a-case-for-investment-main-report/>

<sup>54</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/06/Discretionary-Housing-Payments-and-the-Welsh-Housing-Market-June-2023-1.pdf>

Arrears (FTA)<sup>55</sup>. Use of funds to, for example, clear FTA would help to alleviate pressures on TA as well as enabling households to access a secure home.

There is potential to further promote the use of these funds. We propose that Welsh Government sets out opportunities to intervene early and effectively via flexible use of these funds to prevent homelessness, giving examples of good practice.

Recommendation 15 has two elements. The first is focused on WG ensuring that households in TA - which include households on low incomes, disabled people and children for example - are actively taken into account in the design, implementation and promotion of national and local responses to the CoLC.

The second part of Recommendation 15 can be implemented through the preparation of guidance on TA affordability. This will enable local authorities to identify the issues and costs facing diverse households when considering TA placements, such as accommodation and service charge costs in relation to household income. It will also assist in identifying any potential unintended outcomes of TA placements (such as preventing access to work, education and essential support). Furthermore, particular attention is needed to those in unaffordable TA; Welsh Government should build on the good practice of local authorities providing financial help to households incurring extra costs, due to lack of cooking and washing facilities for example, and incorporate this into affordability guidance.

## **2.3 Supporting emotional resilience**

### *Checking in on Mental Health and Wellbeing Support*

The CoLC has had a significant impact on mental health and wellbeing, and negative effects across a range of vulnerable groups are clear to see<sup>56</sup>. A survey by Public Health Wales shows that 44% of respondents reported that their mental health was negatively affected by the rising cost of living, with 27% reporting substantial distress and anxiety<sup>57</sup>. Welsh Government has introduced a series of mental health and wellbeing initiatives which members of the Expert Group welcome. However, there is a need to check on whether these initiatives are having a positive impact on the lowest income households.

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<sup>55</sup> Shelter Cymru, Presentation to Cabinet Sub-Committee May 2023.

<sup>56</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf>

<sup>57</sup> Public Health Wales Survey Nov 22-Feb 23, April 2023 (not yet published).

*16. The Expert Group recommends that Welsh Government assesses the early effectiveness of recent mental health initiatives and their impact on low-income groups.*

This recommendation can be implemented through joint working with organisations to review the take up and impact of interventions, such as the new Mental Health for Wales Helpline. This would involve conducting some comparative analysis for the whole population vs. those on low incomes and could include the incorporation of specific questions within CoL surveys.

This important work will help determine whether people who are in debt, at risk of losing their home or who are homeless, are receiving appropriate mental health support and, if not, enable organisations to take action to address this.

#### *Recognition for our advice and support services*

Evidence shows the severe strain that advice and support services have experienced due to the unprecedented demand for their services during the CoLC, which has followed on from the COVID-19 pandemic. This added pressure has come in addition to the need to meet preferences for online and in person support.

The Group agrees it is imperative to address terms and conditions and funding arrangements for advice and support organisations (see Section 4). However, there is also a need to publicly recognise and thank employees and volunteers in those organisations for their contributions during the CoLC.

*17. The Expert Group recommends that both Welsh and UK Governments should give due public recognition to the first responders to the Cost of Living crisis, acknowledging the contribution of support and advice services, their employees, and volunteers.*

This recommendation can be implemented by working jointly with third sector organisations and trades unions to agree the form that recognition would take and to ensure that it is meaningful.

### 3. Action to be taken between April 24 and April 26

#### 3.1 Making the most of existing help and provision

##### *Reducing Complexity*

Welsh Government provides a range of vital benefits, grants and allowances that together have the potential to provide £4000 of support for households per year. However, these different programmes of support tend to have separate application processes and different eligibility criteria which has resulted in a complex and confusing system for households to navigate<sup>5859</sup>. This contributes to inefficient administrative processing and adds to the mental workload and stress experienced by vulnerable households when seeking support<sup>60</sup>.

A recently commissioned report from Policy in Practice (2023) provides a series of recommendations and a route map for the implementation of a streamlined Welsh Benefits System. In advance of progress towards its full implementation, the Expert Group has identified some important actions can be taken in the short-medium term that would enhance levels of take up, streamline administration and ease the stress involved with applying for grants and allowances.

*18. The Expert Group recommends that Welsh Government takes the next steps towards a Welsh Benefits System through the introduction of common approaches to eligibility, application and the verification of evidence.*

This recommendation can be implemented by working with local authorities and other bodies to focus on:

1. Eligibility assessment and targeting;
2. The application process (including form design and consent to use data for other grants and allowances;
3. Applications for Council Tax Reduction, including acceptance of a UC application as a CTR application (by amending CTR regulations);
4. Verification of evidence.

<sup>58</sup>[https://www.audit.wales/sites/default/files/publications/Time\\_for\\_%20Change\\_%20Poverty\\_English.pdf](https://www.audit.wales/sites/default/files/publications/Time_for_%20Change_%20Poverty_English.pdf)

<sup>59</sup><https://publications.parliament.uk/pa/cm5802/cmselect/cmwelaf/337/report.html#heading-4>

<sup>60</sup><https://www.bevanfoundation.org/resources/welsh-benefits-feasibility/>

## 3.2 Ensuring low-income households have ‘the basics’

### Providing help with household bills

As stated previously, the Expert Group is particularly concerned about low-income households that fall just outside of eligibility requirements which means that they cannot be assisted by the usual benefits, grants and allowances. These households are *also* experiencing a negative budgeting situation where their rising costs are outstripping their household income and they are falling deeper into debt as a result. As Citizens Advice Cymru evidence shows, a higher percentage of debt clients in receipt of benefits *and* those not in receipt of benefits are living on negative budgets. However, we have seen a bigger proportional increase amongst the latter group.

This situation presents severe challenges for those households but also for our public services as support will be required for those families now and into the future. The Expert Group considers that adjustments to the Council Tax Reduction Scheme could deliver multiple benefits in this scenario.

Reducing the earnings taper from 20% to 10% would provide almost 27,000 households that currently do not meet eligibility requirements with up to an additional £312 a year in additional relief, while the estimated cost for working-age and pension-age households would be approximately £8m per annum<sup>61</sup>. This recommendation can be funded as part of the wider package of Council Tax reforms planned for April 2025 and be implemented by working with local authorities and other bodies to deliver the required adjustments, whilst also promoting awareness of the scheme.

*19. The Expert Group recommends that Welsh Government implements interim reform of Council Tax Reduction in 24/25 by reducing the earnings taper from 20% to 10%*

In addition to adjusting the Council Tax Reduction Scheme, the Expert Group is keen to ensure that rising prices are reflected in the various benefits, grants and allowances available to households<sup>62,63</sup>. The Group welcomes recent adjustments to rates for the Educational Maintenance Allowance and the Discretionary

<sup>61</sup> <https://www.gov.wales/written-statement-understanding-impact-universal-credit-council-tax-reduction-scheme-and-rent-0>

<sup>62</sup> <https://www.jrf.org.uk/report/unable-escape-persistent-hardship-jrfs-cost-living-tracker-summer-2023>

<sup>63</sup> <https://www.bevanfoundation.org/resources/easing-the-cost-of-living-crisis-this-winter/>

Assistance Fund and is keen to see that a full range of grants, benefits and allowances are regularly upgraded to keep pace with inflation.

The first steps here would be to start to uprate priority grants and allowances such as the Welsh Government Learning Grant, and the School Essentials Grant.

There is also potential to ease pressures by adjusting the level of deductions from benefits arising from debt repayments to Government or made as a result of the benefit cap<sup>64</sup>. Research from Citizens Advice Cymru indicates that the current level of deduction is placing low-income households at greater risk, forcing them into a crisis situation<sup>65</sup>. The majority of these deductions are being made to reclaim debt that is owed to the Department of Work and Pensions.

*20. The Expert Group recommends that both UK and Welsh Governments implement an annual uprating of benefits and devolved grants and allowances for 24/25 and 25/26 in line with inflation.*

*21. The Expert Group recommends that the UK Government reduces deductions from benefits from 25% to 10% in 24/25.*

### **3.3 Supporting emotional resilience**

Research demonstrates that young people cannot afford to travel to meet friends and family due to rising costs and that this is having a significant negative mental health impact<sup>66</sup>. Evidence from the Children’s Commissioner for Wales shows that free travel was in the top 5 ‘asks’ from young people, with an especially high number requesting this from the 12-18 year old age group<sup>67</sup>.

*22. The Expert Group recommends that Welsh Government and local authorities pilot free bus travel for young people by introducing free travel for under-16s in 24/25 for a trial period.*

*23. The Expert Group recommends that Welsh Government and local authorities engage in more active marketing of MyTravelPass for 16–24-year-olds now, ahead of introducing free bus travel for 16-18 year olds in 25/26.*

<sup>64</sup> <https://www.jrf.org.uk/report/unable-escape-persistent-hardship-jrfs-cost-living-tracker-summer-2023>

<sup>65</sup> <https://www.citizensadvice.org.uk/about-us/our-work/policy/policy-research-topics/welfare-policy-research-surveys-and-consultation-responses/welfare-policy-research/the-welfare-debt-trap-adjusting-the-level-and-priority-of-deductions-from-benefits-to-prevent-hardship/>

<sup>66</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf>

<sup>67</sup> Children’s Commissioner for Wales, Presentation to Cabinet Sub-Committee, May 2023

This recommendation can be implemented by learning from experiences in London, Scotland and Rhondda Cynon Taf and implementing free bus travel across Wales for a specific trial period. Rhondda Cynon Taf estimates an overall cost of £500,000 per month for free bus travel, equating to £6m a year for the whole population within RCT<sup>68</sup>.

### **3.4 Learning, evaluating, and aligning**

The Expert Group recognises that interventions often need to be introduced at pace which means that there is little time to implement process or outcome evaluation. This is a missed opportunity as it can help to establish which methods of implementation work most effectively.

The evaluation of effectiveness in terms of policy outcomes is vital and it is particularly important to assess impact on the vulnerable low-income households that policies are designed to support. By engaging with households that receive support and staff and volunteers from advice and support services, Welsh Government could develop an effective two-step method to facilitate process and outcome evaluation.

There is a further opportunity here to nest and embed CoLC interventions within workstreams already underway in Welsh Government. One obvious example would be the Child Poverty Strategy, which is currently out for consultation, where there is a chance to align a number of our recommendations such as those on FSM and Food and Fun. Alignment of this kind would also enable Welsh Government to incorporate a set of clear deliverable targets, timescales and actions within the strategy, linked to specified funding.

*24. The Expert Group recommends that Welsh Government initiates a system for evaluating the impact of CoL policy initiatives on low-income households.*

*25. The Expert Group recommends that Welsh Government aligns CoLC initiatives with other strategic anti-poverty initiatives, such as the Child Poverty Strategy, which could lend weight to the delivery of outcomes through clear actions and specified deliverables.*

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<sup>68</sup> It should be noted that this travel was confined to journeys within Rhondda Cynon Taf.



## 4. Action to be taken from May 2026 onwards

### 4.1 Transforming financial resilience

The Expert Group is agreed that pre-existing socio-economic conditions have exacerbated the impact of the CoLC in Wales, resulting in exceptional exposure to its effects<sup>69</sup>. So besides introducing short-term measures, there is an evident need to prioritise investment in the longer term to strengthen financial resilience by addressing the underlying causes of poverty so that it is possible to mitigate Wales' vulnerability to future financial shocks.

The Group advocates that Welsh Government should request and deploy additional resource in order to improve underlying socio-economic conditions in Wales which will help to strengthen our future financial resilience.

*26. The Expert Group recommends that Welsh Government deploys additional resource in the next Senedd term to deliver priority policy investments that will help to reduce poverty and enhance financial security across Wales.*

This recommendation can be implemented through the prioritisation of key policies:

- Embedding the principles of the Social Partnership and Public Procurement legislation', promoting fair work, pay and conditions across Wales and reviewing the prospects for a minimum income guarantee for Wales.
- Delivering better public transport, by rebalancing funding to support buses and subsidising demand rather than supply.
- Ensuring greater provision of, and access to, social homes that people can afford.
- Continuing to reduce inequalities by investing in early years education provision while stepping up the provision of good quality childcare<sup>7071</sup> (noting evidence from England on the likely beneficiaries of latest childcare roll-out)<sup>72</sup>.
- Investing in action to increase attendance and facilitate catch-up learning for low-income pupils, in addition to providing additional financial literacy education.
- Reform of devolved taxes including:

<sup>69</sup> <https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf>

<sup>70</sup> Melanie Jones, Presentation to Cabinet Sub-Committee May 2023.

<sup>71</sup> One option here could be to provide 16 hours free care for every child aged 1-4 years, with additional hours paid for by parents on a sliding scale.

<sup>72</sup> Institute for Fiscal Studies, Presentation to Cabinet Sub-Committee May 2023

- Increasing income tax with power to vary bands;
- Building on 2025 Council Tax reforms to increase progressivity while raising revenue.
- Strengthening the UK social security system by:
  - Supporting calls, such as those from the Trussell Trust and Joseph Rowntree Foundation<sup>7374</sup> to ensure that UK-wide benefits are adequate for everyday essentials;
  - Seeking powers to devolve elements of the social security system including the setting of Local Housing Allowance rates.

Experience indicates that efforts to transform Wales' financial resilience by addressing the causes of poverty are likely to be impeded by silo-based working, policy divisions and short-term thinking<sup>75</sup>. A renewed and firm emphasis on the delivery of Wales' Wellbeing Goals and a Future Generations-oriented, holistic, collaborative, long-term, and rights-based approach to policy development and delivery would help to concentrate minds and accelerate progress so that we can mitigate our vulnerability in a future CoLC.

*27. The Expert Group recommends that Welsh Government, the Future Generations Commissioner for Wales and the Auditor General for Wales lead renewed efforts to promote, reinforce and embed Future Generations ways of working to support financial resilience in the next Senedd term.*

Short-term thinking is somewhat inevitable when Governments are forced to make financial decisions on a one-year basis. Audit Wales reports that anti-poverty initiatives reliant on short-term funding and fixed term projects often fail to deliver sustainable outcomes<sup>7677</sup>. The continual need to renew applications for funding presents a drain on human and financial resources.

Importantly, short-term or inadequate funding also impedes organisational efforts to recruit and retain staff with the required skills and, particularly in the third sector, to provide pay, terms and conditions that are sufficiently attractive to staff who are also impacted by the CoLC. This has been the case for advice and support services where current funding arrangements create uncertainty for organisations, their staff and volunteers.

<sup>73</sup> Trussell Trust, Presentation to Cabinet Sub-Committee, May 2023.

<sup>74</sup> <https://ifs.org.uk/news/lump-sum-cost-living-payments-poorly-designed-alleviate-deprivation>

<sup>75</sup> <sup>75</sup> [https://www.audit.wales/sites/default/files/publications/Time for %20Change %20Poverty English.pdf](https://www.audit.wales/sites/default/files/publications/Time%20for%20Change%20Poverty%20English.pdf)

<sup>76</sup> Public Health Wales Building a Healthier Wales Summit 2023

<sup>77</sup> [https://www.audit.wales/sites/default/files/publications/Time for %20Change %20Poverty English.pdf](https://www.audit.wales/sites/default/files/publications/Time%20for%20Change%20Poverty%20English.pdf)

Research shows that employees in these organisations are struggling to make ends meet themselves. For example, when 650 homelessness and housing support workers were surveyed last Winter, 79% were not putting the heating on, almost half were struggling with their bills, while 10% were struggling with their own rent and a further 7% were in danger of becoming homeless<sup>78</sup>.

Where resources allow, Welsh Government should apply Grants Longer Duration of Funding and Benchmarking provisions to move to a system of rolling three-year funding in the next Senedd term.

*28. The Expert Group recommends that the Welsh Government deploys additional resource to move to a rolling three-year funding model and create a more resilient system of advice and support services.*

Lastly on financial resilience, the Expert Group is mindful of the need to ensure that we maximise the benefits of each and every policy intervention aimed at reducing cost of living pressures and alleviating poverty.

A combined approach that brings an *Invest to Save* perspective together with an emphasis on *Social Return on Investment* could enable the prioritisation of policy interventions that deliver sustainable outcomes for the lowest income households<sup>79</sup>.

*29. The Expert Group recommends that in the next Senedd term Welsh Government systematically applies and promotes Invest to Save and Social Return on Investment approaches to build financial resilience, reduce poverty and provide savings to the public purse.*

Illustrative examples in Annex C focused on the *Right to Adequate Housing* and *Increasing the Nutritional Value of School Meals* show ways this recommendation could be implemented and the kinds of benefits that can be achieved as a result.

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<sup>78</sup> [https://www.cymorthcymru.org.uk/wp-content/uploads/2023/06/Struggles\\_from\\_the\\_Frontline\\_-\\_Eng.pdf](https://www.cymorthcymru.org.uk/wp-content/uploads/2023/06/Struggles_from_the_Frontline_-_Eng.pdf)

<sup>79</sup> [https://www.audit.wales/sites/default/files/publications/Time\\_for\\_%20Change\\_%20Poverty\\_English.pdf](https://www.audit.wales/sites/default/files/publications/Time_for_%20Change_%20Poverty_English.pdf)

## Annex A Expert Group Members

Victoria Winckler	Bevan Foundation
Rachel Ashworth	Cardiff Business School (Chair)
Huw Dixon	Cardiff Business School
Melanie Jones	Cardiff Business School
Max Munday	Cardiff Business School
Rocio Cifuentes	Children's Commissioner for Wales
Tom Lee	Child Poverty Action Group
Luke Young	Citizen Advice Cymru
Leighton Jenkins	CBI Wales
David Phillips*	Institute for Fiscal Studies
Chris Birt	Joseph Rowntree Foundation
Ben Saltmarsh	National Energy Action Cymru
Sumina Azam	Public Health Wales
Adam Corlett	Resolution Foundation
Ruth Power	Shelter Cymru
Guto Ifan	Wales Governance Centre
Leah Whitty/Lisa Hayward	Welsh Local Government Association
Shavanah Taj	Wales TUC

*\*David has been an important member of this group, making a significant contribution. The IFS is a non-partisan and independent organisation which takes no position on the size or degree of redistribution undertaken by the state. As such, David nor the IFS is in a position to endorse these recommendations, although this is not to imply that either David or the IFS explicitly disagree with any of the recommendations either.*

## Annex B Estimated cost of Welsh Cost of Living Payment

	<b>Number</b>	<b>Cost of payment of £150 per household (£m)</b>	<b>Cost of payment of £300 per household (£m)</b>
Households with 3+ children	23,874	3.58	7.16
Households with 1-2 children	85,276	12.79	25.58
Households receiving UC and PIP/DLA	55,776	8.37	16.7

### Notes

£300 payment is equivalent to 12 weeks at £25 pw<sup>80</sup>.

£150 payment is equivalent to 12 weeks at £12.50 pw.

Number of households are at February 2023, aged 0 – 19, derived from Stat-Xplore.

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<sup>80</sup> These costings are based on the level of the Scottish Child payment (£25 per child) but other external rates could be adopted such as UC rate of £269.58 per month per child or Child Benefit rates which are £24 per week for a first child and £15.90 for a subsequent child.

## Annex C Invest to Save Illustrative Examples

### *A Right to Adequate Housing*

Introducing a right to adequate housing (RTAH) would place the importance of having a good home at the centre of efforts to boost the health and wellbeing of people, communities and the economy of Wales now and in the future. It represents a commitment to sustained action to progressively end the housing emergency. It would require an explicit strategy to align housing supply, across tenures, with the needs of the diverse people of Wales over a defined period and in this way would drive a step change in Welsh Government's cross-Government response to the deepening housing emergency. The progressive realisation of the right will boost the resilience of individuals and communities.

It would also provide considerable cost savings to the Welsh public purse in the longer term. The [financial case for investment](#) has been made independently, with cross-departmental benefits conservatively calculated by Alma Economics at £11.5bn, against £5bn costs – this represents a return of £2.30 for every £1 invested over 30 years.

### *Increasing the Nutritional Value of School Meals*

The case for Free School Meals has been well made but it also argued that we should continue to increase the spend on school meals for all pupils so that we can improve nutritional quality and value and deliver wider health and wellbeing benefits. This kind of investment has been shown to deliver wider savings for government in the long term.

For example, East Ayrshire Council introduced a [Food for Life initiative](#) which provided primary school meals based on healthy, unprocessed, local and organic ingredients. The initiative was operational in 26 schools by 2007/8 with an initial investment of an extra 12.9 pence per meal (£70,838). It is estimated that the initiative created over £500,000 of value for stakeholders. It scored 6.19 on the Social Return on Investment Index meaning that for every additional £1 invested, a further £6 of value was created – a rate of return which provided demonstrable benefits across economic, social, and environmental outcomes. Benefits included a reduction in the proportion of children with BMI outside of a healthy range (saving costs of treatment of obesity-related conditions of £62,104) and a reduction potentially damaging future health conditions such as cancer, coronary heart disease and stroke (providing savings of £7, 127, £2, 496 and £3,352 respectively).

## Annex D Summary of Recommendations

September 2023-March 2024

1.	UK Government and Welsh Government takes action to improve the level of take-up of grants, allowances and benefit support already available to households.
2.	UK Government instigates a Competition and Markets Authority (CMA) inquiry to investigate increases in water charges and internet and data pricing.
3.	Welsh and UK Governments urge utility companies to engage in more proactive promotion and awareness-raising campaigns for social tariffs and demonstrate improved take-up of these tariffs.
4.	Welsh Government uses its powers to convene partner organisations and engage in constructive challenge on progress being made on Cost of Living-related policies to accelerate co-ordinated action.
5.	Welsh Government collates and publishes additional data and information relevant to the Cost of Living Crisis in order to monitor progress and compliance.

### *Ensuring low-income households have ‘the basics’*

6.	Welsh Government introduces an instalment-based Child Cost of Living Payment for low-income households with children.
7.	Welsh Government introduces an instalment-based Disabled Person Cost of Living Payment for households with a disabled person.
8.	UK Government works with energy providers, consumer groups and charities to plan for the introduction of a new social tariff to support low-income households with their energy bills next Winter, in addition to:  b) reviewing of the implications of recent developments, such as the new Code of Practice on Involuntary PPM; c) requesting a reduction in the premium on standard credit; d) planning action on regional cost disparities
9.	Welsh Government extends the provision of free school meals to Years 7-11 for those households in receipt of Universal Credit, without a cap on earnings.
10.	Welsh Government extends the reach of the ‘Food and Fun’ programme so that it prioritises low-income families and runs across all 22 local authorities during all school holiday periods in the Autumn, Winter and beyond

11.	Welsh Government supports and encourages local activity-based programmes for adults that provide help with costs and health and wellbeing benefits.
12.	Welsh Government implements the new Warm Homes Programme with urgency, ensuring that the replacement demand-led scheme is procured and operational this Winter.
13.	UK Government unfreezes the Local Housing Allowance so that it aligns with market rents.
14.	Welsh Government steps up homelessness prevention by promoting and further investing in Discretionary Housing Payments and the Discretionary Homelessness Prevention Fund.
15.	Welsh Government alleviates pressures on people in temporary accommodation by ensuring that relevant cost of living help is routinely offered and made accessible to diverse households in TA and by providing consistent and targeted support for people in unaffordable TA.

### *Supporting emotional resilience*

16.	Welsh Government assesses the early effectiveness of recent mental health initiatives and their impact on low-income groups.
17.	Both Welsh and UK Governments should give due public recognition to the first responders to the Cost of Living crisis, acknowledging the contribution of support and advice services, their employees, and volunteers.

### **March 2024-April 2026**

### *Making the most of existing help and provision*

18.	Welsh Government takes the next steps towards a Welsh Benefits System through the introduction of common approaches to eligibility, application and the verification of evidence.
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### *Providing help with household bills*

19.	Welsh Government implements interim reform of Council Tax Reduction in 24/25 by reducing the earnings taper from 20% to 10%
20.	Both UK and Welsh Governments implement an annual uprating of benefits and devolved grants and allowances in 24/25 and 25/26 in line with inflation.
21.	UK Government reduces deductions from benefits from 25% to 10% in 24/25.



### *Supporting emotional resilience*

22.	Welsh Government and local authorities pilot free bus travel for young people by introduce free travel for under-16s in 24/25 for a trial period.
23.	Welsh Government and local authorities engage in more active marketing of MyTravelPass for 16–24-year-olds now, ahead of introducing free bus travel for 16-18 year olds in 25/26.

### *Learning, evaluating, and aligning*

24.	Welsh Government initiates a system for evaluating the impact of CoL policy initiatives.
25.	Welsh Government aligns CoLC initiatives with other strategic anti-poverty initiatives, such as the Child Poverty Strategy, which could lend weight to the delivery of outcomes through clear actions and specified deliverables.

### **May 2026 onwards**

### *Transforming financial resilience*

26.	Welsh Government deploys additional resource in the next Senedd term to deliver priority policy investments that will reduce poverty and enhance financial security across Wales.
27.	Welsh Government, the Future Generations Commissioner for Wales and the Auditor General for Wales lead renewed efforts to promote, reinforce and embed Future Generations ways of working in the next Senedd term.
28.	Welsh Government deploys additional resource from UK Government (see Rec 25) to move to a rolling three-year funding model and create a more resilient system of advice and support services.
29.	In the next Senedd term Welsh Government systematically applies and promotes Invest to Save and Social Return on Investment approaches to build financial resilience, reduce poverty and provide savings to the public purse.