

Cost of living

Engagement findings

June 2022

As part of the Economy, Trade and Rural Affairs Committee's inquiry into the economic and rural impact of cost of living pressures, the Citizen Engagement Team proposed a series of focus groups and interviews to gather the views of those on low incomes and those living in rural areas.

1. Engagement

1. The Citizen Engagement Team held 6 focus groups and 5 interviews between 12th and 25th May with a range of people in different areas of Wales, asking how the increases in the cost of living were having an impact on them.
2. Given the sensitive subject matter, interviews were offered to those who preferred to speak about their situation outside of a group environment, or to those who were unable to attend the focus groups due to timings.

Participants

3. Participants were sourced through organisations supporting individuals and families with the recent increases in the cost of living.
 4. 31 people took part in total, with the majority considering themselves living on a low income. 14 of those participants also lived in a rural community.
 5. Participants contributed from 10 local authority areas in north, mid, west and south Wales.
 6. The Citizen Engagement Team would like to thank all those who contributed to the programme of engagement.
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Methodology

7. The Citizen Engagement Team’s work touched on two of the inquiry’s specific terms of reference:

- *To understand the economic impacts of cost of living pressures on communities across Wales;*
- *To understand the impacts of cost of living challenges on rural communities, and the extent to which these differ from pressures affecting urban communities.*

8. Participants were asked the following questions:

1. How are increased living costs affecting you and your household?
2. Which cost increases are impacting on you the most? e.g. things like increased energy bills, transport, food, heating oil etc.
3. To what extent have cost of living increases made it more difficult to pay bills or to afford essentials for your household?
4. Is there anything you’ve had to cut back spending on over recent months?
5. How helpful has the support provided by the Welsh and UK governments been in helping you tackle cost of living pressures?
6. Is there anything more that you would like to see governments do to help you out with the cost of living?

For those living in rural communities, we also asked the following questions:

7. To what extent does living in a rural area mean that cost of living rises affect you differently?
8. Is there anything that you’d like the Welsh or UK Governments to do to specifically help people living in rural areas with increases in the cost of living?

9. The format of engagement was largely comparable across the interviews and focus groups, but varied slightly to respond to the views, experiences and ideas shared by contributors.

2. Engagement findings: the impact of increased living costs on participants

Anxiety

- 10.** A number of participants mentioned the worry they were feeling as a result of increased costs, in particular the rise in energy prices. Many felt the increases were out of their control and were worried about their next bill.

"I'm afraid to put the heating on, I'm afraid I'm going to get a bill I can't pay."

- 11.** Some participants said they were too scared to turn the heating on and others were making changes in the way they use energy in anticipation of a large bill. One participant has refused to pay the recent increase to her energy bill (which has increased from £140 to £340 a month) as she couldn't afford it, but was now worried about the impact that would have on her account over the winter.

"I'm 20 years old and there's no wonder that people are so stressed, anxious and depressed."

- 12.** As a result, some participants talked about the effect rising costs were having on their mental health, with one participant saying he is suffering from anxiety and depression due to his circumstances and finds he is isolating himself from his family. However, he found that accessing mental health support was *'virtually impossible'*.

"Me and my partner both work full time and we still struggle. I get massive anxiety. I feel sick and can't eat. I haven't even done my electric bill properly because it's filling me with dread. I literally haven't given a reading since January. We earn a good wage but can't cope with the bills, and we're strict with what we spend."

Family

- 13.** A number of groups discussed the impact the increased costs were having on their families. One participant shared that he had reduced the amount of visits he was able to make to his daughter (who lives some distance away with her mother) in order to reduce the monthly costs of fuel, food and activities.

- 14.** Another participant shared that she was going to delay trying to grow her family as she was worried they couldn't afford a second child in the current circumstances.

Independence

- 15.** A number of the groups discussed the impact of the increased costs on independence. In particular, a group with a number of disabled participants talked about the reliance on costly public transport such as taxis, or expensive to run equipment such as stairlifts and Motability vehicles, which are supposed to provide support for their condition and help gain some independence. However, they were no longer feasible options for some, due to the running costs.

"The freedom of going out is slowly being taken away as all the costs continue to rise. Will people who have health conditions or disabled be prisoners in their home without the correct support?"

Budgeting

- 16.** A few of the participants talked about a new need for budgeting within their households and how they were now doing this much more regularly than they use to. Others talked about not knowing how to budget properly and wished they had been taught this in school in preparation.
- 17.** One participant explained how he had increased the amount of time he spends on budgeting each month. He mentioned a number of items that don't feature in the outgoings of his spreadsheet, such as car maintenance or birthdays, *'because to be honest it would be too scary to put them all in and find out that you haven't got enough income to cover all your outgoings.'*

"Well, the difficulty is in is having to budget, isn't it? You're trying to recognize all of your outgoings. But if you put all of your outgoings down, whether it be in the spreadsheet or on paper, you suddenly find that your income doesn't cover all of the outgoings that need to be covered."

Cut backs

- 18.** All groups were asked about any cut backs they were having to make as a result of the increased costs. The majority of participants talked about cutting back on **socialising**. For example, participants talked about reducing the number of visits they make to friends and
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family to minimise the use of the car, or not meeting friends for coffee or a meal to avoid the costs. One participant also spoke about some children missing out on school trips as parents no longer have the budget.

"With the money I get on Universal Credit, it is just enough for a basic living. I can't have luxury to go out anywhere or do anything because all I can afford to do is just pay my bills and have food. I can't afford to do anything else."

- 19.** Participants also mentioned the impact this was having on wellbeing and the possibility of **social isolation**. This was felt to be especially difficult after the extended period of restrictions due to Covid, where we were now finally able to meet family and friends, but many now don't feel they can afford the fuel, coffee or entrance price for example.
- 20.** Two groups of participants talked about having to stop monthly **donations to charities** or making a decision to sell unwanted items instead of donating to a charity shop as they would have done previously.

"As much as we'd like to be able to help, that's one of the first things that unfortunately we have needed to cut back on, which is making donations to other charitable organisations, which is rather sad really."

- 21.** A number of participants mentioned having stopped **monthly savings** as they could no longer afford to put money away each month. One participant had closed a savings account she had held for a long time in order to use the balance on living costs. Another talked about not being able to put money away each month as a *'safety net'* for things like car maintenance or unforeseen circumstances such as illness.
- 22.** Some of the groups talked about making cut backs such as **haircuts and grooming**, with one participant saying they had delayed getting their son's hair cut, despite it only costing £10, but had made the decision that money was better spent elsewhere.
- 23.** **Mobile phones and internet packages** were also being cancelled in order to cut costs, with at least 3 participants saying they had cancelled mobile phone contracts, either changing to sim only devices or getting rid of the additional phone in the household altogether.
- 24.** **Clothes** were another cut back being made by a number of the participants, with some saying they hadn't bought new clothes in over a year.
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"We've cut out takeaways. We haven't got a car. I haven't bought clothes for years. I cut my own hair. Last time I went on holiday was 2002. I have been teetotal for 14 years. I don't do drugs. I've cut down on smoking."

25. In addition to the points above, all participants were cutting back on the use of **gas and electricity** in the home, in particular the **heating**, as well as making cut backs in their weekly **food shopping** and **transport** costs. These points will be discussed further below.

3. Engagement findings: the increased living costs having the most impact on participants

Food

26. One of the main cost increases having an impact on participants, was food. All groups talked about the increase in food prices and the need to make changes in the way they shop.

"You know you get that, what I call, till shock when you get to the checkout. You're suffering from till shock because you haven't got that much in your basket, but it seems awfully expensive and you find yourself checking your receipt before you leave the store to make sure that you're being charged correctly."

27. Most groups talked about needing to shop around to find the best prices for what they needed or buying different ingredients to make more low cost meals. Some participants talked about buying less and switching to unbranded items to try and save money.

"I try to buy the cheapest product of everything because I can't afford premium products. I can mix and match between all the different stores and just try and find the best and cheapest prices between them all."

28. A number of participants talked about 'healthy' food often costing more, leading to a lack of choice, and the need to buy food that was considered unhealthy in order to feed the family. One group talked about the price increase of fresh food in particular and that they would opt for 'unhealthy' options such as ready meals and snacks as they were often cheaper than fruit and vegetables.

"If I want to give a bowl of strawberries to my kids, that's £3 for a bowl of strawberries whereas I can give them chocolate or a packet of crisps and that'll be 40p. That's a big difference."

29. Some participants said they were having to reduce the amount of food they buy, and subsequently eat. Others were making use of food banks to supplement their food shops. However, a number of participants weren't always able to make use of the contents due to dietary requirements.

- 30.** One participant said when his wife asked what he needed from the shop, he would say 'nothing' despite being hungry and wanting food. However, he knows they can't afford to buy anything extra so will go without.

"If they (food prices) continue to go up, I'm not going to be able to have two meals a day. I'll be on one meal a day if things increase anymore."

- 31.** Citizen's Advice staff said many clients, when asked if they need food, will always say their children are fine, but they are going without as adults to save on the costs.
- 32.** Other participants had started growing their own fresh produce to avoid paying the increased prices in the supermarkets.

Utilities

- 33.** The majority of participants had been affected by the recent increase in utility prices and talked about trying to reduce energy consumption within the home, for example by limiting the heating or the use of electrical appliances.

"I've been sitting here over winter with 2 pairs of socks, a pair of slippers, sometimes thermal trousers, another pair of trousers, a thermal top, a jumper and a blanket because I haven't been putting my heating on because I can't afford it."

- 34.** One participant talked about really considering the amount of energy he's using in the house and will wear more clothes before putting the heating on for example. He has started to use the oven less, and tries to cook what he's able to on the hob instead. He has also tried to reduce the amount of washing he does and the number of showers as he has an electric shower. Another participant said she had stopped using her tumble dryer as it was too expensive to run.
- 35.** However, a number of participants had people with disabilities in the household and so were unable to reduce the amount of energy they used. For example, stairlifts or CPAP machines, or needing the heating on to help with certain health conditions.

"With each increase in energy costs, those who are vulnerable will suffer and may decide to stop using their machines, or consider not eating, or not using heating etc."

36. One participant said his monthly bill had increased from £190 to £390 a month and he is now in arrears for utilities for the first time in years. In trying to pay off the arrears slowly, money was being taken from their food budget for the family. This participant relies on energy use for medical equipment at home (CPAP machine) so is not able to significantly reduce his energy consumption.

"Utilities is the main worry for me, as we have no control over it."

"The amount of people in arrears for their utilities is frightening."

Fuel and travel costs

37. The increase in fuel prices was also affecting the majority of participants, with many changing their travel habits where possible to reduce the amount they were using.

38. A retired couple was now regularly using public transport for the first time in their lives having decided to reduce the amount they use their car from 6 days a week on average to just 1 day (to do their food shop) and make use of their bus passes.

"I have drastically reduced the use of my car and I'm really thinking about whether a journey is essential."

39. Those who didn't own a car were also struggling with travel costs, with a need to use public transport for shopping or medical appointments. One participant found the buses in his area were too expensive so he used the trains, which could take an additional hour for each journey.

40. One group talked about the independence disabled participants had gained in benefiting from a Motability vehicle, only to now not be able to use it as they couldn't afford the fuel.

Rent

41. A small number of participants were also being affected by the rising cost of rental properties. 3 participants were currently living in hostels and hoping to move into rented accommodation. However, with the benefits they currently received and the rent prices in their area, this was not going to be possible.

42. Another participant said she was lucky she was able to rent with her partner as if she had been living alone, she would not be able to afford to rent and would have to move in with her parents.

4. Engagement findings: rural communities

Almost half of the 31 participants lived in a rural community.

Transport

- 43.** The main impact on those living in rural communities, was transport.
- 44.** For those who owned a car, the majority felt the increased fuel costs were having a big impact on their lives, with the need to travel further for food shopping and medical appointments.

"People in rural areas are also using their cars more because public transport is poor and can't be relied on."

- 45.** Those who relied on public transport said it was poor in the rural communities they were representing, and meant infrequent services and longer journeys.

"Buses are just too expensive for me to take. Everywhere I go I take trains because the buses are just £10 to go anyway pretty much.... It might take longer, like an hour or so longer, but it saves me a lot of money in the long run."

Choice

- 46.** Another impact all of those in rural communities mentioned, was the lack of choice. All rural participants talked about higher prices for food in their local shops meaning they often had to travel further to the bigger supermarkets, increasing travel costs.

"I can't afford to shop locally. For example, the bread in my village is £2.60 a loaf, whereas I can get a loaf for 90p in Aldi."

- 47.** Participants also felt there were higher fuel prices in local areas, again meaning they would try and travel to larger towns to access the lower prices where possible. This of course increased travel costs in the long run.

"If you can't afford the transport out of the town, then you're reliant on a local shop, and you can barely get any food with money you've got."

48. Participants felt they had to travel further for essential services such as GPs, dentists and hospitals, which increased their travel costs compared to those living in urban areas.

"You haven't got the choice up here."

Wages

49. A number of participants felt that wages in rural areas were lower than in other areas of the country.

"Everyone around here seems to want to pay the minimum wage instead of the living wage. And I don't think even the living wage is a living wage. You know, it's not very realistic."

Digital exclusion

50. Two groups of rural participants talked about a lack of connectivity in rural areas, both with broadband and mobile networks. This became difficult with so many deals including an internet sign up discount, or online loyalty schemes. This was leading to people who can't access the internet being excluded and having to pay more.

"Tackling all forms of digital exclusion would also assist in reducing the particular impact in rural communities on additional costs."

Oil and LPG

51. A number of rural participants talked about the high percentage of people using oil and LPG in rural communities and the fact that costs are not regulated. This caused large fluctuations in cost and made budgeting difficult.

"There's always been that rural premium, which we like to refer to it as and on, you know, the fact that you've got to pay more to heat your home, you have to use your car probably more."

52. Participants in Ceredigion also highlighted that homes in the county are not on the mains gas grid so many households were supplied by electricity only. This meant their heating costs were already higher than most, even before the recent energy price crisis.

"We're all electric household and my electric tariff has increased by 70% and not the expected 54.3%. As I say, 54.3% would have been bad enough to accommodate anyway. But to find out that it's 70 and not being able to get any justification as to why that is, it's a difficult one to have to come to terms with. Particularly in the light of the fact that it may increase again by a further 40% in October this year."

5. Engagement findings: government support

Below are the themes that emerged from the focus groups and interviews on the support currently on offer to them from both UK and Welsh governments, and the support participants would like to see.

*It should be noted that all focus groups were held before the UK Government announcement on 26th May regarding the upcoming support for energy bills.

Benefits

53. Many of the participants were in receipt of benefits, including Universal Credit, pension credit, tax credit and housing benefit. All recipients said the benefits they received were helpful in covering certain costs. However, the majority were still struggling and said the payments they received were not sufficient to cover the recent increased costs of living.

"It's (the support) not sufficient for what is needed at the moment."

54. A number of participants were receiving disability benefits but felt they were expected to use this income to cover the increased costs of living, rather than on disability related support.

"I get disability benefits...but that money is supposed to be for disability related issues, it's supposed to make my life better as a disabled person, it's not supposed to ensure that I eat."

55. In addition to a request that benefits were increased in line with the recent increases in costs of living, participants felt there were other processes that could be looked at to help people adjust to this more expensive way of living.

56. Three participants taking part were currently living in hostels and felt there needed to be more support to help move on from their situation. The benefits they currently receive were not enough to cover the increased living costs and there was no additional income to cover travel to look for jobs or to go back into education.

"More money towards travel would help massively because that would give me money to go look for jobs. It would give me money to buy more food and pay for my phone."

57. These participants wanted to see the removal of barriers for those who wanted to work or go back into education while living in supported accommodation. Currently, if they were to find a job or educational course, they would have to pay a set amount to stay at the hostel, regardless of their income.

"So I don't see that as a very effective way of preparing young people for moving on."

58. One participant also talked about the fact that Universal Credit still takes 55% of your earned income, which, although it is less than what it was, is still hard to accept having also lost the additional £20 a week that was given during Covid.

59. Furthermore, Citizen's Advice staff talked about clients who wanted to get back into work but having looked at the cost of commuting and the benefits they would be eligible for, they would be worse off if they were to work. One wanted to get back to work for their own mental health as she is a carer, another was told by DWP they would be better off not working.

60. One group discussed the need to consider disabilities when applying certain taxes or payments. For example, some wanted to see the bedroom tax cancelled for disabled and vulnerable households as they explained that having a spare bedroom/s is something that is a necessity for those who are suffering from certain health conditions or disabilities.

"The future looks bleak if we are to be punished financially for having a spare bedroom, especially if we need that spare room for a carer or another family member who can give care support."

61. This group would also like to see that additional service charges applied by housing associations or councils for disability equipment such as stairlifts etc, equipment that is essential to them day to day, are scrapped.

"I can understand charging for something a person wants, but not for something they need to help their conditions. This is unfair."

- 62.** There was also a request for the Welsh Government to explore more control over benefits in Wales through devolution, as has happened in Scotland.

"Like the Scottish Government, essentially in Scotland they've abolished the bedroom tax several years ago because they used funding to do that. They have a special payment for children, they've got higher payments for carers, they've used their discretion in a number of ways to the advantage of people."

One off payment schemes

- 63.** Participants who had been eligible for, and aware of, certain one-off payment schemes, were very grateful for the additional income. These included the grant to help pay for oil and LPG, the Winter Fuel Support Scheme and the £150 council tax payment.
- 64.** However, many participants felt that there is always a limit to the support available, whereas most people are in need of ongoing support. One group discussed how instead of *"giving money out"* to people, the governments should work with energy suppliers and others to reduce the amount that people are paying.
- 65.** There were also some concerns about the way in which some of the payments were being distributed. For example, almost all of the groups talked about the £150 council tax payment and the fact that those who are able to pay by direct debit are receiving the payment first, with those who are unable to make regular payments in this way (and therefore more likely to be in need of the payment) having to wait.
- 66.** Although participants recognised this was due to the council holding certain information, such as bank details, already for some residents, most were frustrated at having to wait for a payment that could make a big difference to them. Others also felt this payment should be means tested as some participants had received it but didn't feel they needed it.
- 67.** Another participant mentioned the one off £1000 for social care workers which was welcomed, but some staff (who aren't providing front-line care) were not eligible, despite being crucial to the delivery of the services, for example, administrative and cleaning roles.

Awareness

- 68.** The majority of the groups talked about the need for better awareness of what support is available. Many felt that although the schemes are sometimes there to support people, they are difficult to access.

"It doesn't seem fair, unless you know about it (available government support), we are left to fend for ourselves."

- 69.** Many said they had 'been lucky' to have been told about a certain scheme, or had received advice to apply for certain payments, rather than feeling like they understood the system.

"There needs to be more awareness of the support that is available, and more funding for good advice services who are able to help people access that support."

- 70.** Most participants agreed that there is a lack of awareness about the schemes that people may be eligible for. They explained that more needs to be done by way of promoting the various schemes and that it should be done in a way to reach different groups of people. For example, those who access social media, those who are digitally excluded etc.

Energy crisis

- 71.** Many participants felt strongly about the lack of price caps for energy prices and wanted to see the government do more to implement these.
- 72.** One group in particular wanted to see regulation of oil and LPG so there were price caps in place.
- 73.** Another group talked about wanting to see the nationalising of energy companies to protect people in the future. Suggestions were made that Welsh Government could look at a national energy provider for Wales, such as with Welsh Water. (Participants were complementary about the services received through Welsh Water in terms of supply and affordability.)
- 74.** Participants in another group made a comparison with the French Government's position on energy and energy companies, which they viewed as more favourable. They queried why we were not following France's lead, with one participant asking, "How can we allow our

country to do that because of privatisation? Have the government got a role in reigning that in a bit?"

- 75.** When discussing energy prices, all participants had exclusively negative views of energy companies and the profits they are making.

Government advice

- 76.** A number of participants mentioned they felt it wasn't helpful to hear 'advice' from MPs about how to deal with the current crisis, through getting another job for example. Of course this was possible for some people, but very unrealistic for others as a result of their health, caring responsibilities, age etc.

"Don't tell us what we should do, tell us how to do it."

- 77.** There was a general feeling from all of the groups that (UK Government) politicians did not understand the circumstances most people were facing in the struggles of rising living costs.

"It is frustrating to hear MPs getting pay rises, there needs to be some sensitivities, to know they hear us. They are so insulated from what is going on, it is not a happy time."

"They have no concept or understanding of poverty. Everything is geared towards the wealthy."

"They (the UK Government) are prioritising business greed over people's needs."

"Money priorities favour the wealthy and not the poor and any money clawed back in taxes have affected the poor far greater than the wealthy."

- 78.** There was also a general feeling that the Welsh Government are doing what is possible with what is available to them and that more needed to be done on a UK Government level.

"Welsh Government try to do their best with what they're given."

"It's important to recognise that they're (Welsh Government) trying to help and they have listened to the lobbying."

Annex 1

The Citizen Engagement Team would like to thank the following organisations for their support with this inquiry:

Action in Caerau and Ely

Cardiff and Vale CAB

Ceredigion CAB

Clynfyw Care Farm

Pobl Caerphilly

The FDF Centre for Independent Living

Wales and West Housing