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Gweinidog yr Economi
Minister for Economy



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/VG/2667/22

Paul Davies MS
Chair
Economy, Trade and Rural Affairs
Committee
seneddeconomy@senedd.wales

7 September 2022

Dear Paul,

I am grateful to the Economy, Trade and Rural Affairs Committee for its report on Cost-of-Living Pressures. I would like to thank the Committee's members for their work.

I have set out my response to the report's individual recommendations below.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive style.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Written Response by the Welsh Government to the report of the Economy, Trade and Rural Affairs Committee entitled Cost-of-living Pressures

Detailed responses to the report's recommendations are set out below.

Recommendation 1

The Committee recommends that

The Welsh Government should work with external organisations to ensure that robust Wales-level data on key cost-of-living metrics is regularly collected and published. It should consider innovative ways to make headline data easily accessible to users, for example developing a dashboard or other alternatives.

Response: Accept

We will continue to work with relevant organisations to ensure that Wales-level data on key cost-of-living metrics are made available wherever possible. Welsh Government have already collaborated with the Office for National Statistics and Citizens Advice to present latest trends, insights and plans on cost of living data to our statistics user panels for both public sector and third sector organisations. We have worked with the Department for Work and Pensions to achieve an increased sample for Wales on the Family Resources Survey, the basis of official statistics on income poverty for the UK. This will enable more detailed analysis for Wales on issues related to poverty and aspects of cost of living in the future. Since 2020 we have published data on Emergency Assistance Payments made from the Discretionary Assistance Fund, originally as part of an overview of the impacts of COVID-19 on society, and we will continue to update this data on StatsWales on a regular basis in order to provide timely insight on the cost of living crisis. Welsh Government are also developing a fuel poverty data dashboard which will incorporate data from internal and external sources including other government departments and Ofgem.

Welsh Government agree with the need to bring together key information to make relevant data more accessible to users, and will explore the best ways of doing this in future, such as via our Chief Statistician's blog.

Financial implications – None

Recommendation 2

The Committee recommends that

The Welsh Government, and in particular its Equality, Race and Disability Evidence Unit should ensure that disaggregated cost-of-living data for Wales is regularly available, in order that the impacts of cost-of-living pressures on different socio-economic groups and protected characteristics can be understood and factored into policy decisions.

Response: Accept

The Welsh Government's Equality, Race and Disability Evidence Units' overarching aim is to improve the availability, quality, granularity and accessibility of evidence about individuals with protected and associated characteristics so that the Welsh Government fully understand the level, types and impact of inequalities across Wales. One of the Unit's priorities is to improve the data on the impact of cost of living pressures for those with protected characteristics. Further scoping work is currently underway to better understand how this information should be collected. It is likely to involve analysis of existing data, such as the National Survey for Wales and the Department for Work and Pensions' (DWP) Family Resources Survey, as well as primary qualitative research, involving those with lived experiences, to provide a more in-depth understanding of the pressures and their consequences.

Welsh Government statisticians have worked with DWP to achieve an increased sample for Wales on the Family Resources Survey, the basis of official statistics on income poverty for the UK. This will enable more detailed analysis for Wales on issues related to poverty and aspects of cost of living in the future. In particular, it will improve on the current situation by allowing for more breakdowns of income poverty by household and protected characteristic, including some intersectionality.

The Equality, Race and Disability Evidence Units' are committed to continuing to working closely with colleagues in statistical services on this programme of work.

Financial implications – None. Any additional costs will be drawn from existing programme budgets.

Recommendation 3

The Committee recommends that

The Welsh Government should build on its distributional analysis of who will benefit from its cost-of-living support by publishing analysis of how its schemes are supporting groups with protected characteristics such as gender, disability, and ethnicity.

Response: Accept

Implementing the recommendation would have major benefits but we are unable to commit to doing this immediately or in full as there are no suitable data sources currently available. Improving and accessing new data sources is likely to require significant investment, the cost of which is currently unknown. It will therefore be necessary to implement the recommendation progressively over time as data becomes available.

Financial implications – As above.

Recommendation 4

The Committee recommends that

The Welsh Government should publish data on take-up of the Winter Fuel Support Scheme as soon as possible, broken down by local authority, and by protected characteristic where possible. It should also proactively publish data for other current and future cost-of-living support measures once this becomes available.

Response: Accept

We will publish Winter Fuel Support Scheme data broken down by local authority in Autumn 2022. Data was not collected on protected characteristics as this was not considered necessary for the administration of the scheme. Data is already published regularly on the number of Emergency Assistance Payments made from the Discretionary Assistance Fund, and we will publish data at least annually where we have it available.

Financial implications – None. Any additional costs will be drawn from existing programme budgets.

Recommendation 5

The Committee recommends that

The Welsh Government should publish a summary of lessons learnt from its early cost-of-living support schemes such as the Winter Fuel Support Scheme, and set out how this has informed development of subsequent schemes.

Response: Accept

The Winter Fuel Support Scheme (WFSS) 2021/22 was developed following consequential funding from the UK Government's Household Support Fund, supplemented by Welsh Government funding. It was anticipated that the scheme would be a one-off payment to address the immediate, short term, financial pressures faced by households.

As a result, no formal arrangements were made to evaluate the scheme. However, a review of lessons from the first scheme informed the development of the subsequent Welsh Government Fuel Support Scheme 2022/23. The main lessons were:

1. Our previous qualifying criteria meant that many low-income households were not eligible for support. Following feedback from our stakeholders we have extended the eligibility criteria to support more vulnerable households with this vital support.

This includes:

- Supporting a wider cohort of benefit households

- Measures to support households with pass-through energy costs
- Support for households using off-grid fuel.

2. The payment window for the 2022/23 scheme has been extended to allow individuals a wider opportunity to claim and Local Authorities more time to identify eligible residents and to process payments.

3. Following feedback that better communication was required, throughout January 2022 we were able to re-purpose our 'claim what's yours campaign' to promote our fuel support scheme through tv, radio and social media advertising which resulted in improved take-up.

4. To simplify for recipients, we are exploring how to make it easier for people known to local authorities and eligible to receive the payment to do so without having to make a direct application. This is a work in progress.

Financial implications – None

Recommendation 6

The Committee recommends that

The Welsh Government should build on the success of the Claim What's Yours benefit take-up campaign: It should set out details of planned promotional activity for this campaign, and prioritise funding and resource to reach as many people as possible over the coming months.

Response: Accept

Through its long-term commitment to funding advice services the Welsh Government is ensuring people maximise their income. For example, all those engaging with a service funded by the Welsh Government's Single Advice Fund (SAF) are offered welfare benefit entitlement checks. Since January 2020, SAF services have helped people to claim over £65m of additional income.

The Welsh Government recognises however that many people who are not claiming money that is rightly theirs will not be engaging with advice services. This is why it launched the Claim What's Yours campaign. The campaign's creative messages have proven an effective means of reaching people to encourage them to find out more about their financial entitlements by contacting Advicelink Cymru.

We are continuing to deliver the campaign's messages via digital channels and, with appropriate funding being made available, we will again deliver the messages through all platforms in the autumn/winter of 2022/23.

It is important to emphasise that maximising welfare benefit take-up must be a priority for all those involved, not just the Welsh Government. We need the UK Government to do more to raise awareness of all the welfare benefits delivered by the Department

for Work and Pensions, and to fund the advice services that people need to navigate the social security system.

Financial implications – To ensure there is sufficient benefit advisor resources within Advicelink Cymru to meet the response generated by the campaign Welsh Government increased its funding (and repurposed other funding) within the SAF.

Recommendation 7

The Committee recommends that

The Welsh Government should set out the details and timescales for the work its Income Maximisation Task and Finish Group will undertake and commit to publishing any outputs.

Response: Accept

A new Income Maximisation Task and Finish Group has been established, by joining the former Income Maximisation Benefit Take-up Working Group and Debt Task and Finish Group. By merging both groups we are able to focus on households in Wales who are struggling with the rising cost of living and those who are still dealing with the impacts of the Covid-19 pandemic which are likely to be one and the same.

Our aim is to help people access financial help to which they are entitled to and support them to do so. We will also help those struggling to maintain their financial commitments to repay debts and to look at pathways out of debt. A copy of the Terms of Reference is attached.

The first meeting was held on 25 May 2022 and the next meeting is to be held on 6 September. As part of our work with the group individual Task and Finish Groups have been established, one of which is collaborating with key stakeholders on the 'Design and Delivery of a Welsh Benefit System.' We anticipate that a Benefit Charter will be drafted by the end of the year

Another Task and Finish Group will look to develop a delivery model that will use available Local Authority data sources to target Pension Credit information to households who may be missing out.

Financial implications – None

Recommendation 8

The Committee recommends that

The Welsh Government should accelerate work to bring together means-tested support schemes for low-income households through a Welsh benefits system. The new system must ensure greater consistency in local authorities' delivery, and move towards a position where people who need one form of support are

automatically passported to other sources of assistance that they are eligible for.

Response: Accept

One of the strategic objectives of the Income Maximisation Action Plan published in November 2020 is to ensure families in Wales are supported to claim all the financial support they are entitled to. As part of this the Welsh Government has worked with local authorities to develop the Best Practice Toolkit: Simplifying Application Processes for Local Authority Administered Benefits published in March 2021. The toolkit looks at what more we

can do to simplify and streamline the application processes for devolved welfare benefits to make it easier and quicker for people to apply for support. Further work will now be taken forward to test the extent of adoption of the best practice within the toolkit set within the context of the significant work local authorities have undertaken to support communities and individuals during the Covid-19 pandemic.

One of the lessons of the development of the Best Practice tool kit was the complexity of the Welsh Benefit landscape and different approaches to administration within each local authority, including barriers relating to IT.

We will continue working with local government to improve their processing systems, to achieve greater consistency and to explore the potential automatic passporting where possible.

Financial implications – Local Authority delivery partners use different computer systems to administer the payments they are responsible for. A move towards a ‘passported’ approach will require local authorities to financially invest in their IT systems, and some local authorities may need to implement new IT systems. These changes will, therefore, need to be kept reasonably practicable with costs met from future budgets.

Recommendation 9

The Committee recommends that

As part of its work on developing the Welsh benefits system, the Welsh Government should work towards developing a one-stop shop portal through which households across Wales can apply directly to their local authority for the different means-tested schemes that are available.

Response: Accept

A single portal through which a person can access all the payments they are eligible for has the potential, for people with appropriate digital skills, to offer a streamlined and person-centred claimant journey.

We recognise however that some local authorities already have a one-stop shop approach for their residents to access services, including claiming financial support.

Care must be taken to avoid developing and implementing a new portal that may duplicate existing local authority digital access to services.

We will explore the development of the portal with our stakeholders and partners and determine what the costs would be.

Financial implications – The development of a ‘one-stop shop portal’ will require investment in a new IT infrastructure that can link effectively with the IT systems within local authority delivery partners. Any solution should offer the best value-for-money with costs met from future allocated budgets.

Recommendation 10

The Committee recommends that

The Welsh Government should provide an assessment of how successfully local authorities have used the best practice toolkit so far and consider taking further steps such as developing statutory guidance if there is evidence to do so.

Response: Accept

Since its launch in May 2021, we have worked with local authorities to overcome some of the barriers to streamlining services that need to be explored further.

A further reminder for local authorities has been included as part of the Charter for the Design and Delivery of a Welsh Benefits System. We will hold a workshop in the Autumn with local authorities to review how the toolkit has been embedded within local authorities, its dissemination, and usage.

In developing the toolkit the Welsh Government explored the potential for the development of statutory guidance to achieve better alignment between (and within) local authorities in the administration of Welsh benefits. It should be noted that even where statutory guidance is issued a public authority can generally depart from the guidance if it is reasonable to do so. In general, therefore it was felt that a more collaborative approach with local government was preferred to ensure that the approach reflected local practices and administrative procedures.

Financial implications – None

Recommendation 11

The Committee recommends that

The Welsh Government should explore the feasibility of extending the eligibility criteria of its means-tested schemes to support low-income households with living costs, to support those households who are just missing out. It should report back to the Committee with its findings.

Response: Accept

Claiming Welsh Government financial support is easier for people in receipt of a means-tested benefit, but it is important to emphasise that many Welsh Government payments are not ring-fenced only to households in receipt of a means-tested benefit. They are available to all low-income households. For example, anyone resident in Wales aged over sixteen who is in financial need can apply for assistance from the Welsh Government's Discretionary Assistance Fund. Help towards council tax bills is available to low-income households from the Council Tax Reduction Scheme. Low-income households can also get help with paying their health care costs (e.g. NHS dental treatment, sight tests, glasses, and contact lenses.)

The Welsh Government understands the importance of its financial support having a well-defined eligibility criterion that removes the need for discretionary decision making. This approach was adhered to in the design of the Winter Fuel Support Scheme with payments being available to households in receipt of a working-age means-tested benefit. However, it is recognised that people with income above the threshold for claiming a means-tested benefit are struggling financially. Therefore, the range of qualifying benefits for the next Welsh Government Fuel Support Scheme has been extended to include non-means tested benefits and includes all those who are benefitting from the Council Tax Reduction Scheme.

The purpose and scope of the next iteration of the Warm Homes Programme will be set out when the Senedd returns from the summer recess. The eligibility criteria will be designed to ensure domestic dwellings needing energy efficiency improvements are able to access support through the programme.

The Welsh Government will consider the Committee's recommendation when designing the detail of the eligibility criteria to ensure the points raised are addressed.

Financial implications – Further extending access to the means-tested schemes to more households would have significant financial implications.

Recommendation 12

The Committee recommends that

The Welsh Government should outline how its Discretionary Homelessness Prevention Grant will help to mitigate the reduction in Discretionary Housing Payments (DHP); and whether the amount spent on this programme is sufficient to fully mitigate lower levels of DHP.

Response: Accept

The Department for Work and Pensions (DWP) provides funding for Discretionary Housing Payments (DHP) to Welsh and English local authorities to mitigate the impacts of welfare reforms, including helping people affected by the benefit cap, local housing allowance changes and the bedroom tax. These payments can be used to help prevent tenants from getting into rent arrears and are especially important at a time when people are facing a cost-of-living crisis.

In 2022-23, the DWP reduced DHP funding available to Welsh local authorities by £2.3 million (or c. 27%) compared to 2021-22. This was on top of an £1.86 million (or 18%) reduction in 2021-22 compared to the previous year. Given the cost-of-living crisis and the freeze on LHA rates, Welsh Ministers wrote to the UK Government to outline our disappointment at these significant cuts at a time when we would have expected this budget to be increased to meet the scale of the challenge facing households.

In 2021-22, the Welsh Government topped-up the DHP fund by £4.1m to mitigate the budget reduction to recognise the importance of this fund, particularly in the context of COVID and other household financial pressures.

In 2022-23, the Welsh Government has provided an extra £6m to local authorities for a Discretionary Homelessness Prevention Fund, to continue to help mitigate the impact of DHP budget reductions by the DWP. Following feedback from local authorities, we are providing this discretionary funding - rather than topping up DHPs again - to offer greater flexibility in its use, including to support those not in receipt of housing-related benefits.

It will be up to local authorities to determine the most effective targeted use of this funding to prevent and relieve homelessness, within their existing legal framework and rules. This can cover preventative measures such as offering a rent guarantee, paying for rent arrears as part of a package of action to sustain a tenancy, as well as topping up their DHP funding pot.

Welsh Government officials will monitor local authorities' use of this funding at the mid-year point to assess actual and forecast spend. We will re-distribute funding as required to ensure all the funds are fully utilised within the financial year.

Financial implications – £6m from the existing Homelessness Prevention Budget.

Recommendation 13

The Committee recommends that

The Welsh Government should set out its plans to provide further cost-of-living related support to households at the start of the 2023-24 financial year, and how it will prioritise support to address the scale of the situation.

Response: Accept

The Warm Homes Programme provides support and advice to all Welsh households as well as home energy efficiency measures to eligible households. The next iteration of the Warm Homes Programme is expected to be launched in 2023.

The initial budget allocation is £35 million in the 2023-24 financial year towards improving domestic energy efficiency in low-income households. The programme is designed to provide support to lower income households experiencing difficulty maintaining a warm home at an affordable cost.

Ahead of the forthcoming UK Budget, we will continue to press the UK Government to do more in relation to the cost-of-living crisis. The Minister for Finance and Local Government has written to the Chancellor alongside the other Devolved Government finance Ministers outlining a range of measures the UK Government should support to address the cost-of-living crisis, recognising that most of the levers to tackle the crisis are in the UK Government's hands.

Financial implications – None

Recommendation 14

The Committee recommends that

Welsh Government should drive the accreditation of all Welsh public sector organisations as Real Living Wage employers, in particular delivering this for workers in Welsh local authorities and health boards.

Response: Accept in Principle

The Welsh Government leads by example as an accredited Real Living Wage employer and we take every opportunity to encourage more employers in the public, private and third sectors to pay the Real Living Wage. This includes delivering on our commitment to introduce the Real Living Wage in social care – an uplift which is estimated to cost £43.2m in 2022/23 and which represents a significant financial commitment from the Welsh Government to supporting the Real Living Wage.

We recognise the important leadership role public bodies have as employers, as policymakers and as funders of other organisations and we continue to encourage public bodies – many of whom already have minimum rates of hourly pay that exceed the Real Living Wage – to plan for a journey that will see them become Real Living Wage accredited employers.

The NHS in Wales is already a living wage employer. While local authorities are responsible for setting their own pay, a range of local authorities have already positively opted into being a living wage employer. In addition, the Welsh Government provides support to Cynnal Cymru, as the Real Living Wage accreditation body in Wales, to support the work they do to promote the Real Living Wage and its benefits to employers, workers and communities.

Financial implications – None. Any additional costs will be drawn from existing budgets.

Recommendation 15

The Committee recommends that

Welsh Government should consider what lessons can be learnt from voluntary regulation schemes for private sector employers like the Cardiff Bay community

jobs compact, and how it could support replicating the benefits of this approach in other parts of Wales.

Response: Accept

We welcome local and grass roots initiatives that promote values and behaviours which are consistent with fair work. Local initiatives have an important role in successfully championing fair work, diffusing best practice, and normalising fair work as typical rather than exceptional practice. We are keen that a wide range of organisations – social partners, individual employers and non-governmental organisations – all play their part in contributing in whatever way they can to promoting and encouraging fair work.

Financial implications – None. Any additional costs will be drawn from existing budgets.

Recommendation 16

The Committee recommends that

Welsh Government should commission labour market research to better understand the reasons behind high rates of economic inactivity; levels of in-work poverty; and the circumstances of those identifying as self-employed. With input from the Ministerial Economic Advisory Board, it should then develop a plan of action to address the long-term implications for the Welsh economy.

Response: Accept

We acknowledge the importance of labour market data in understanding issues for the Welsh economy. We will produce a paper summarising existing data on the themes referred to in the recommendation and assess what further labour market research could be commissioned to improve our understanding and our subsequent policy response. The Ministerial Economic Advisory Board has already been tasked with considering the long-term challenges for the Welsh economy and it is recognised that the cost-of-living crisis is amplifying those challenges.

Financial implications – None. Any additional costs will be drawn from existing budgets.

Recommendation 17

The Committee recommends that

Welsh Government should work with social partners to consider what more can be done to support increasing numbers of workers experiencing mental ill-health as a result of cost-of-living pressures.

Response: Accept

Working constructively to address challenges such as cost of living pressures and what could practically be done to support workers, goes to the heart of our commitment to social partnership.

Welsh Government will encourage social partners to have a regular agenda item at partnership meetings on cost-of-living pressures and the impact on staff to ensure regular and ongoing dialogue to jointly assess potential longer-term impacts.

We will work with trade union social partners to ensure that issues of mental-ill health due to cost of living pressures are raised with employers at the earliest opportunity and encourage social partners to use discretionary elements of their sick pay provisions, as happened in some areas (e.g. NHS and Local Government) with Long Covid, to ensure those experiencing mental ill health due to cost of living pressures are not further disadvantaged by loss of pay due to sickness absence.

Welsh Government will share positive initiatives to disseminate best practice across sectors.

Financial implications – None. Any additional costs will be drawn from existing budgets.

Recommendation 18

The Committee recommends that

Welsh Government should outline how implementing the recommendations of Senedd Committee reports on Fuel Poverty and the future of Hospitality, Tourism and Retail will help address the cost-of-living pressures faced by many Welsh workers, and what mechanisms it will use to evaluate progress.

Response: Accept in Principle

We are providing significant support to the hospitality, tourism and retail sectors to help protect and create jobs and so help address the cost-of-living pressures faced by many Welsh communities. We are providing £116m of targeted non-domestic rates support to businesses in the retail, leisure, and hospitality sectors for the duration of 2022-23. This support is in addition to our existing £240 million package of permanent rates reliefs which the retail sector also benefits from. We are also creating 125,000 apprenticeships over this Senedd term and investing £366m over the next three year in the apprenticeship programme. Many of these apprenticeships will be in the retail, leisure, and hospitality sectors.

We also continue to make representations to the UK Government recognising that most of the levers to tackle the cost-of-living crisis are in the UK Government's hands. The MFLG has written jointly with the Scottish and Northern Irish Finance Ministers to the Chancellor of the Exchequer on 15 July to set out some of the key areas which require attention as part of the preparations for the forthcoming UK Budget, including support for business. Amongst the points made in the letter, it was noted the cost-of-

living crisis is not evenly distributed, and the focus should be on providing targeted support to those most adversely impacted, rather than reducing broad-based taxes.

Welsh Government officials have also met with their UK Government counterparts to discuss how the UK Government can use the range of levers at its disposal to provide wider support to businesses, including the hospitality, tourism, and retail sectors. There also needs to be greater certainty to businesses on the future direction of business taxation and the Welsh Government should have additional budgetary flexibility to support investment.

With regards to leisure and tourism, Visit Wales has a regular programme of research and evaluation that is related to some of the recommendations in the report. Visit Wales collects and analyses data on a range of supply and demand measures to inform decisions and conducts independent evaluations of significant investment schemes.

In relation to retail, the progress with implementing the committee recommendations will be confirmed in an Action Plan being developed with the Sector following publication of the Retail Vision earlier this year.

Financial implications – As above.

Recommendation 19

The Committee recommends that

The Welsh Government should explore using its levers around public sector pay and conditions to increase fair work in Wales including: by improving sick pay where this is needed for workers delivering public services, starting with longer-term arrangements for social care workers; and supporting those with the lowest earnings via pay settlements.

Response: Accept in Principle

The Welsh Government is using every lever it has, to promote and encourage fair work and we recognise the important leadership role the devolved public sector has in leading by example and role modelling fair work practices.

Devolved public services operate in a spirit of social partnership, where employers and trade unions work constructively, and workforce matters are addressed in that context. In relation to social care, we have established the Social Care Fair Work Forum, which brings together social partners with the purpose of exploring the further steps that can be taken to improve working conditions in social care.

Financial implications – None. Any additional costs will be drawn from existing budgets.

Recommendation 20

The Committee recommends that

Welsh Government must ensure its plans to support off-grid households through this winter are robust. This should include either extending the ability for off-grid households to access support via the Discretionary Assistance Fund or the Fuel Voucher scheme.

Response: Accept

The Welsh Government have several support measures in place for off-grid households as part of the overall approach to addressing the cost-of-living crisis and the increasing costs of energy this Winter. The 22/23 Welsh Fuel Support Scheme, Fuel Voucher Scheme and Discretionary Assistance fund already provide support to off-grid households that meet the eligibility requirements. Eligibility for financial support through the DAF is not means tested and is there to support people experiencing severe financial difficulties to access emergency financial help. We have extended DAF support for off-grid households throughout the summer and winter to the end of March 2023.

A budget of £30m has been allocated towards improving domestic energy efficiency in low income-households, including off grid properties, through a range of Welsh Government programmes.

Financial implications – No costs above those already allocated.

Recommendation 21

The Committee recommends that

Welsh Government must develop a long-term scheme to support off-grid households as outlined in the Equality and Social Justice Committee report on Fuel Poverty and the Warm Homes Programme.

Response: Accept

Evidence published from the 2018 Welsh Housing Conditions Survey highlighted homes in rural areas tend to be less energy efficient than dwellings in urban areas.

The challenges faced by those living in rural Wales are being addressed within the current Warm Homes Programme. Lessons from the current programme and learning from the public consultation are informing the proposed policy direction of the new programme expected to be launched in 2023.

Financial implications – None

Recommendation 22

The Committee recommends that

Welsh Government should work with third sector partners to scope out and if appropriate deliver a programme similar to Northumberland’s Warm Hubs.

Response: Accept

Officials will explore with local authorities and third sector partners what further measures can be put in place to provide additional support throughout the winter, including the provision of warm community spaces to help people keep warm over the coming months.

Financial implications – Exploration work will be completed from existing budgets.

Recommendation 23

The Committee recommends that

The Welsh Government should commission detailed research around the “rural premium” and the different effects of the increased cost-of-living in rural and urban communities.

Response: Accept

The Welsh Government recognises that rural households often incur a rural premium which means they pay disproportionately more for goods and services than their urban counterparts. The cost-of-living crisis has not changed this, though all households are spending more of their income on essentials such as energy, food and fuel.

At the present time, projections around the impact of the cost-of-living crisis are changing on a weekly basis. It is important that we are able to draw on existing research such as the Welsh Index of Multiple Deprivation (which has previously supported the publication of A guide to analysing deprivation in rural areas), the National Survey for Wales and policy specific data to inform our approach to addressing the impact of the crisis for vulnerable households.

We will also continue to undertake research and analysis of the rural experience as well as utilise existing data to inform our policy development.

For example, as part of the consultation exercise on the next iteration of the Warm Homes Programme, a consultation workshop was held which specifically considered rural issues. The findings are helping to inform the next iteration of the Warm Homes Programme is expected to come into effect in spring 2023.

Similarly, our decision to invest in the Fuel Bank Foundation *Fuel Voucher and Heat Fund Scheme* has been informed by our understanding of energy use in rural areas, fuel poverty estimates and geographical data on standing charges for people on pre-payment meters in North and South Wales.

We will explore opportunities for research and analysis with colleagues in the Welsh Government's Knowledge and Analytical Services which could help boost our understanding of the impact of the rural premium in rural communities.

Financial implications – None

Recommendation 24

The Committee recommends that

Welsh Government should consider establishing an emergency support funding programme, using similar mechanisms to the COVID support programmes, to help the businesses most acutely affected through the peak of the cost-of-living pressures. This could be either in the form of grants, low cost loans or a combination of the two.

Response: Accept

The Welsh Government has *provided around £400 million since November 2021* to help families with rising household bills – putting money direct into staff and consumers' pockets, which had been requested by many parts of business.

In 2022-23, the Welsh Government continues to support SMEs by providing £116m of targeted non-domestic rates support to businesses in the retail, leisure and hospitality sectors. We will continue to examine options.

Only the UK Government has the financial firepower to change the bigger picture and urgent action is needed now to support households and business facing such uncertainty.

As outlined in the response to recommendation 18, we will continue to make representations to the UK Government through the established channels, recognising that most of the levers to tackle the crisis are in the UK Government's hands.

Financial implications – Any significant additional business support would require additional funding being passed to the Welsh Government via the UK Government but would also need to be weighed against other measures required to assist with the cost-of-living burden. The measures implemented for our Covid response were supported by significant additional Barnett consequential in 2020-21 and 2021-22 which has not been repeated in 2022-23.

Recommendation 25

The Committee recommends that

Welsh Government should consider supporting businesses to invest in efficiency savings which will help them lower fuel and energy costs and reduce their carbon footprint.

Response: Accept

The Welsh Government accepts the recommendation that we should consider supporting businesses to invest in efficiency savings so that they may lower fuel and energy costs and reduce their carbon footprints. This consideration will take account of the significant support we are already providing businesses to become more fuel efficient.

We share the Committee's view (para 98) that cost-of-living challenges should not reduce efforts to achieve net zero carbon. As the Committee points out, increasing costs of fuel increase the need for businesses to invest in measures to promote energy efficiency and on-site renewable power generation to achieve the complementary objectives of reducing financial costs and carbon impacts. We shall therefore consider how to further incentivise and support these interventions to help businesses to be more sustainable in the long run.

Financial implications – May include the use of capital receipts.

Recommendation 26

The Committee recommends that

The Minister for Economy should keep the Committee updated with progress around the work to identify money expected to be returned as a result of the Welsh Government's post-completion monitoring of COVID business support funding.

Response: Accept

Due to ERF and Covid support being delivered over a period of two years, we expect the monitoring to continue over a prolonged period. While the aim and expectation are that the vast majority of funding has been used to support business survival and job protection, in the minority of cases where claw back is required, we will continue to report as part of the wider set of metrics

Financial implications – None. Recommendation relates to monitoring and reporting of funding.

Recommendation 27

The Committee recommends that

The Welsh Government should consider using business rates relief to support the most affected businesses until inflation returns to a level close to the Bank of England's target.

Response: Accept in Principle

The Welsh Government is providing £116m of targeted non-domestic rates support to businesses in the retail, leisure, and hospitality sectors for the duration of 2022-23. This support is in addition to our existing £240 million package of permanent rates reliefs. As a consequence of our relief schemes, more than half of the non-domestic rates tax-base is benefitting from full relief in 2022-23, fully funded by the Welsh Government. We also have a duty to ensure stability of funding for local public services, from which we all benefit, where the pressure of heightened inflation will also be felt. All the non-domestic rates revenue raised in Wales is provided to local government to support the delivery of vital local services.

In 2021-22 and 2022-23, the Welsh Government took the decision to freeze the non-domestic rates multiplier. This was to prevent increases in rates bills for ratepayers with a residual liability, after the application of any reliefs, and provide continued support to all businesses during these challenging times.

The next non-domestic rates revaluation in Wales will take effect on 1 April 2023 and will be based on property values as of 1 April 2021. We moved the revaluation date to 2023 because of the pandemic: this means that the rateable values on which rates bills are based will better reflect the impact of Covid-19. Rateable value changes as a result of the April 2023 revaluation are not yet known.

The revaluation of non-domestic hereditaments is carried out independently of the Welsh Government by the Valuation Office Agency (VOA). The VOA will publish a new rating list in draft by the end of this year. Following the 2023 non-domestic rates revaluation, the Welsh Government will review the impact on the tax-base and consider whether transitional support is appropriate going forward.

Financial implications – As outlined above.