

## Equality and Social Justice Committee: Debt and the impact of the rising cost of living

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### **Welsh Local Government Association - The Voice of Welsh Councils**

The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

### **We believe that the ideas that change people's lives, happen locally.**

Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

**Our ultimate goal** is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

### **We'll achieve our vision by**

- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce

### **Introduction**

**The priorities that need to be reflected in the Welsh Government's Draft Budget 2023-24 relating to the rising cost of living, including preventing and relieving debt.**

The cost-of-living crisis is a national problem which Local Government cannot address alone. However, the closer working relationship that we have developed with Welsh Government during the response to the covid pandemic has given us a



solid base to build a strong partnership approach across the statutory and non-statutory sector to be able to respond to another crisis in such a short period of time.

As the representative body of the 22 Welsh councils, we will continue to lobby for a fair financial settlement for local government. The recent settlement announcement exceeded expectations and will give councils the space to consider lower council tax rises for its residents, reducing some of the pressure on household budgets. All local authorities in Wales will still be faced with difficult decisions in setting a balanced budget for 2023-24.

The settlement will help councils continue to fund local interventions and services across the country that will mitigate the worst excesses of the cost of living crisis. The WLGA undertook a desktop exercise to map the cost-of-living activity across councils (a summary can be found at Annex I). Feedback from this exercise has identified that the cost-of-living crisis has seen an increased demand and increased complexity of demand for local services. Therefore, most efforts are being channelled towards increasing capacity within public services to provide targeted support, early intervention and prevention measures, access to affordable products and services and raising awareness of the support available.

Local government would welcome any additional funding and flexibilities that Welsh Government can provide to allow councils to continue to provide this critical support to its residents.

Whilst we welcome the continued investment in policies that target support to the most vulnerable households along with the positive universality of the Primary Free School Meal offer, there is concern that some key financial support provided through the fuel support schemes and the holiday provision in lieu of free school meals is not budgeted to continue in the next financial year.

### **How effective Welsh and UK government support has been in supporting those most in need with cost of living pressures, and in preventing and managing debt.**

The package of financial support for citizens provided by both Welsh Government and UK Government has been welcomed by our membership.

The extension of flexibilities provided through the Discretionary Assistance Fund (DAF) has been extremely responsive to the needs of the most vulnerable as the cost-of-living pressures have increased.

Local authorities have been a key delivery partner in an extensive package of support and cost-of-living measures including:



- Winter Fuel Support Scheme
- Cost-of-living Support Scheme
- Discretionary Cost-of-living Support Scheme
- Unpaid Carers Payments
- Welsh Government Fuel Support Scheme

These schemes were specifically targeted at households on low incomes and/or receiving specific UK or Welsh Government administered welfare benefits. Whilst this ensured that support was concentrated on those in greatest need, they are also more administratively burdensome than if the support provided was universal.

The responsibility for the delivery of these schemes generally fell to local authority revenues and benefits teams, who had already undertaken over 2 years of grant administration for the various covid support schemes. Whilst the local authority teams stepped up to deliver on behalf of Welsh Government, the schemes will have undoubtedly diverted efforts away from some business-as-usual functions at times including the administration of Welsh Government benefits such as Council Tax Reduction Scheme and income collection/debt recovery.

One of the major successes of the Welsh Government and Local Government response to the cost-of-living crisis has been the development of a series of warm hubs and warm spaces across communities. These spaces provide an invaluable level of community-based support where people can access a warm space, a hot drink and often a hot meal, as well as accessing advice and information along with enrichment activities. Anecdotal feedback from members is that this initiative has been hugely successful across Wales, and whilst initially designed as a Winter Intervention the positive impact of people accessing support prior to a crisis whilst also reducing levels of social isolation and loneliness will undoubtedly be considered as Councils develop their future plans for community and place-based service delivery.

Some of the support from the UK Government such as the Energy Bill Support Scheme and the Energy Price Cap has been universal across most households. Whilst this has allowed for the interventions to be delivered at scale and pace, the support has not necessarily targeted those households in greatest need and does not provide support to those households using alternative fuels. Whilst the impending support for alternative fuel users is welcome, the support comes some 4 to 5 months later than those households with a domestic electricity and gas supply.



## **The impact of inflation and cost of living pressures on take-up of debt advice services, and the implications for future demand and Welsh Government policy.**

Rising inflation and cost-of-living pressures will be worse felt by low income households who according to the [latest ONS report](#), spend a greater proportion of their expenditure on housing, fuel and power and food and non-alcoholic drinks. These expenditure areas are more susceptible to inflationary pressures and as they are considered essential, households are less able to cut back on their overall spending.

A decrease in disposable income or a move into a negative budget position will result in an increasing number of households having insufficient resources to meet their essential day to day living costs. The key findings of [“A snapshot of poverty in Summer 2022”](#) report from the Bevan Foundation confirms that 45% of Welsh households never have enough money for anything other than the basics and that between January and July 2022, 57% people had cut back on heating, electricity and/or water and 39% of people had cut back on food for adults.

There is also growing concern that there will be significant additional pressures on household budgets as the various UK Government and Welsh Government support packages come to an end over the coming months. The Citizen Advice Cymru [Cost-of-living dashboard](#) November 2022, demonstrates the estimated gap in household budgets from April 2023. This could push some households into debt for the first time, whilst those households already in debt could find themselves “trapped” into longer repayment plans along with increased levels of debt.

One of the key activity areas identified by the WLGA around raising awareness and sharing information. It was acknowledged that there was a huge amount of activity and support available across public services, but central to the success of the support was ease of access by those that need it. Whilst local authorities have collated this information into cost-of-living pages on their websites, the crisis is affecting households that would not usually have been identified as being at risk and so would not necessarily know to visit their Council website to access information and support.

It has also been acknowledged by members that there has been an increased demand for services including debt advice but since the service transformation of advice services away from face-to-face channels, there remain concerns about the accessibility of such services for those not digitally included, who have additional support needs or are not already known to advice services.

Elected members would be keen to see strong national marketing activity to ensure that anyone who is struggling financially is able to access free debt advice in a way that best suits their circumstances.



**How different groups are experiencing cost of living pressures, and how this is impacting debt issues. How effectively are policy interventions addressing these challenges, and what changes may be needed to meet the needs of particular groups.**

The Citizen Advice Cymru [Cost-of-living dashboard](#) November 2022 confirms that in most local offices in Wales, fuel debt advice has now overtaken advice on council tax arrears as the most common debt issue. However, there still is significant demand for advice relating to council tax and rent arrears along with presentations for support accessing food banks.

The dashboard demonstrates single people, renters and those with a disability or long-term health condition are more likely to access CAB for debt advice and food bank vouchers. This is of no surprise given that those households on the lowest income spend a higher proportion of their income on priority bills such as council tax, rent, food and fuel.

Local authorities have acknowledged that there is a need to understand how the cost-of-living will impact different households so that their response and services can be designed to meet their needs. The responses from the WLGA survey have identified that some councils have already started work in this area, with councils exploring how they can use citizen profiling and data intelligence to understand the impact of the cost-of-living crisis on different demographics of residents.

One council has commissioned a piece of work to create 10 portraits of its citizens and how each portrait stands to be impacted by the crisis so bespoke and tailored responses to each portrait can be developed. Another council has undertaken vulnerability mapping in collaboration with Public Health colleagues to understand the health vulnerability and associated risks of its residents in a similar way to shielding approach taken during the pandemic. Another LA is arranging a reciprocal sharing of real-time data between the LA and social partners for operational use in developing a poverty dashboard to co-ordinate appropriate interventions for its residents.

The local government response to the cost-of-living crisis is being continually developed and refined to ensure it meets the needs of local citizens.



Annex I

<p><b>Key Activity Area 1: Governance and accountability</b></p> <ul style="list-style-type: none"> <li>• Cross-party and All-party working groups</li> <li>• Public Service Board sub-groups</li> <li>• Cost-of-living task forces</li> <li>• Cost-of-living and Poverty Partnership</li> <li>• Multi-agency steering and operational groups</li> <li>• Business Resilience forums</li> <li>• Task and finish groups</li> <li>• Accountable manager Cost-of-living workshops</li> <li>• Cost-of-living work programmes, action plans and strategies</li> </ul>
<p><b>Key Activity Area 2: Targeting and co-ordinating support</b></p> <ul style="list-style-type: none"> <li>• Vulnerability mapping</li> <li>• Mapping of existing provision</li> <li>• Poverty Dashboards</li> <li>• Development of “customer intelligence”</li> <li>• Exploring options for proportionate universalism</li> <li>• Identifying Cost-of-living co-ordinators and community connectors</li> <li>• Expansion and enhancement of existing frameworks for LA, commissioned and community-based support</li> <li>• Inclusion of poverty as a theme within plans for SPF grant funding</li> <li>• Practical support for the wellbeing of staff and volunteers</li> </ul>
<p><b>Key Activity Area 3: Accessibility of affordable products and services</b></p> <ul style="list-style-type: none"> <li>• Co-ordination of various food initiatives including ensuring adequate emergency food provision, community fridges, food pantries, delivered meal boxes, slow cooker programmes, community cooking champions, free fruit for high schools, well-fed meals on wheels, food stores and hospital to home safety boxes</li> <li>• “Take what you need shelves” in schools for bags/coats and uniform recycle/exchange schemes</li> <li>• Provision of baby bundle essentials and development of baby banks</li> </ul>



- Lunch vouchers for families attending hospital appointments at lunch time
- Promotion of social tariffs
- Affordable credit options / avoidance of illegal money lenders
- Collaboration between college and community centres to offer free/reduced costs services such as haircuts, manicures, massages
- Provision of community and subsidised transport
- Supporting development of heating oil syndicates
- Development of mutual aid programmes
- Wood banks to re-use fell trees
- Promotion of trusted partner take up to allow referrals into Fuel Foundation fuel voucher scheme

#### Key Activity Area 4: Early intervention and crisis prevention

- Introduction of warm hubs and welcome spaces
- Extension of existing offers within education, youth and community settings to include extended hours, provision of meals and access to advice services
- Preparing Christmas support including toy banks/Christmas food parcels and meals
- Relaunch of street-based schemes to take support to the communities
- Buddying/Befriending service to prevent social isolation
- Warm clothes donation boxes and provision of warm packs to individual unable to attend warm spaces
- Additional hardship style funding to assist those households in most need
- Targeting of discretionary spending elements of WG and UKG funding to provide citizen centric support – with key aims of preventing homelessness and ensuring families have warm homes and food on tables
- Bespoke financial support for homeowners and self-employed
- Additional payments to support retentions of foster carers and supported lodgings providers
- Introducing extra expense claim runs for council staff that travel a lot for work alongside an increase in mileage rate
- One-off payments for lower paid council staff

#### Key Activity Area 5: Awareness raising and information sharing

- Cost of living web pages to centralise support
- Online directory of cost-of-living support and interactive maps of warm spaces and other “help near me”
- Increasing capacity in financial inclusion services
- Promotion of DAF and other grant schemes and take up of social utility tariffs
- Upskilling of front-line staff to ensure every public service contact counts
- Supporting local and national campaigns to increase benefit take up



- Targeted campaigns to increase take of locally administered Welsh benefits
- Drop-in sessions in community settings
- Promoting cost-of-living interventions taking place across communities including through private sector e.g., kids eat free during half term, community spaces in Asda branches
- Briefings for internal and external stakeholders and partners
- Establishing food and fuel champions to offer bespoke advice and support
- Creation of digital and physical assets detailing support available
- Targeted communication at residents
- Campaigns to support households with understanding energy costs and how to save energy
- Procurement of technical energy efficiency advice services
- Cost of living roadshows / summits and other shared learning events
- Commissioning of new advice line services and introduction of local area co-ordinators in communities