



Citizens Advice Cymru evidence to Finance Committee

Scrutiny of the Draft Budget 2024-25 (January 2024)

Introduction:

- Citizens Advice in Wales is a network of 19 local offices, all individual charities, offering free, confidential advice online, over the phone and in person.
- During 2023, we helped **over 130,000 people** across Wales with a range of problems, including issues with benefits, debt, crisis support, housing, employment, discrimination, relationships and consumer rights. Often people have more than one issue they need help with.

How the Welsh Government has reprioritised funding for 2023-24 in supporting people with the increasing cost of living

1. We strongly welcome the Welsh Government's efforts to continue to provide specific crisis support for households in Wales to help mitigate the impact of the rising cost of living, particularly at a time of significant budgetary pressures.
2. During 2022, local Citizens Advice offices across Wales experienced unwelcome, record-breaking demand for our services as people tried to cope with the cost-of-living crisis. On many fronts **2023 has been even worse**. Unfortunately we do not see the situation for many of the households we support improving significantly over the coming months. Thousands of people in Wales are living on empty, they're doing all the right things but still don't have enough money to cover their essential costs. Some of our latest client evidence is summarised below.
3. Over the last year, we have continued to see record numbers of people seeking crisis support. In 2023, we referred over 21,000 people to food banks or other emergency charitable support, almost double the number in 2021. **In the weeks leading up to Christmas we helped more people with a food bank referral than ever before.**
4. With energy bills still significantly higher than they were before the crisis, and decreasing levels of Government support this winter, over the last year **we have continued to help record numbers of people with energy debt** - up 17% compared to 2022, and 72% compared to 2021.

5. **We also continue to help record numbers of people who've not been able to afford to top-up their prepayment meter (PPM)**, potentially leaving them without an energy supply, unable to turn the heating on, cook a hot meal or even keep essential medical equipment going. In 2022, we helped more people than the whole of the previous ten years combined. The number of people who've sought our help during 2023 has increased even further, up 73% compared to 2022.
6. As well as energy, the number of people seeking help with debt on other essential household bills remains high. **Numbers seeking help with water debt, council tax arrears and rent arrears are amongst the highest we've ever seen.**
7. People who report having a disability/those with long-term health conditions, women, and social tenants are all over-represented amongst our client base. However, even allowing for this disabled people/those with long-term health conditions, social tenants, and single people (including single parents) make up proportionally more of our clients who seek help on cost-of-living issues, in particular crisis support and debts on essential bills.
8. Further insights on how the cost-of-living crisis is affecting people in Wales can be found in our latest [Wales Cost-of-living Dashboard](#).
9. Inflation is finally on a welcome downward trend. As a result, some people will experience real wage growth in the coming months. Food prices and energy costs are also stabilising however, according to the Resolution Foundation's [latest predictions](#), housing costs will continue to be high, and overall, poorer households are likely to see incomes fall over the next financial year as cost of living support comes to an end. For a number of months **we have been urging the Welsh Government to introduce additional financial support to low income households during this winter via a Wales cost-of-living payment**, targeting those facing greatest hardship and/or higher costs, such as low income households with children, or with a disabled person in the household. **In the absence of such support, as stated above, we are very concerned about how many of our clients will cope financially during what remains of this winter.**

Views of specific allocations in the Draft Budget to address the cost of living crisis

10. All of our client evidence indicates that the need for crisis support, including food banks, fuel vouchers for PPM users and the Discretionary Assistance Fund, is likely to continue for the foreseeable future. While very welcome, the nature of this type of support is to help people with short term, emergency needs.

Preventing low income households from falling into unsustainable debt and crisis must be a government priority. **Emergency support is vital now, but what's really called for are proactive solutions to get us out of the cycle of reactive crisis support.**

11. We welcome the fact that additional funding for the Discretionary Assistance Fund (DAF) is being maintained during 2024-25. DAF continues to be a vital source of support for people experiencing financial hardship. We were very pleased to see the value of Emergency Assistance Payment awards being uprated by inflation last April (11%). In order that adequate levels of support continue to be provided over the coming year **we would urge that DAF awards, and other financial support and entitlements Welsh Government is responsible for, are similarly uprated by inflation in April 2024-25.**
12. Improving the energy efficiency of homes across Wales is one of the main ways of protecting low income households from future high energy prices. Further investment in preventative measures such as this will not only help keep homes warmer, by using less energy to do so it will also help keep people from falling deeper into debt and hardship in the first place, as well as prepare homes for the transition to low carbon heat.
13. As noted in our previous [research](#) the scale of the challenge in Wales cannot be underestimated. The next iteration of the demand-led part of the Warm Homes Programme (ie. the new 'Nest') is currently due to become operational in April. While we are disappointed the new programme will not be operational this winter (something we and others have long called for), alongside other members of the Fuel Poverty Coalition Cymru, Citizens Advice Cymru is supportive of many of the improvements that are due to be built into the new programme, including basing eligibility on a low income threshold rather than means-tested benefits, and the increase to the budget cap per household to allow deeper retrofits to be undertaken.
14. While we fully understand the budgetary constraints the Welsh Government is working under, we are disappointed that the budget for the WHP during 2024-25 will not be increased to reflect the need for a substantial increase in investment, which will be required if more households are able to benefit from improved energy efficiency measures under the programme. Current predictions are that less than 2,000 homes will be able to be helped each year. **We would urge that further consideration is given to boosting funding over future years so the scheme can operate at a greater scale.** In the interim, without such additional investment, **it will be even more vital that the programme utilises all funding sources to maximise benefit to eligible households, including**

leveraging more support available under the [Energy Company Obligation \(ECO\)](#).

15. Maximising income, to ensure people are claiming all the benefits and financial support they are entitled to is a fundamental part of our advice service. The ongoing work, funded by the Welsh Government, to help raise awareness of the range of financial entitlements people may be eligible for but are not claiming is very welcome, including the 'Here to Help/Claim what's yours' campaign and the frontline worker training available under Dangos. **We do however feel there is more that can be done to make sure people are claiming all the support they are entitled to.** For a number of years now Citizens Advice Cymru, along with the Bevan Foundation and others, have been strong advocates for simplifying the 'Welsh benefits' system. We consistently hear from our advisers that many of our clients find the current system complex and confusing to navigate.
16. More integration between the different types of locally administered support, greater standardisation, targeted communications, and the further exploration of automatic enrolment (where appropriate) are all areas we believe would help to increase the take-up of support. **While there is widespread agreement on the need for change, progress on developing a more coherent 'Welsh benefits' system has been frustratingly slow. We urge that this work continues at pace over the coming year, when thousands of low income households across Wales are likely to be managing continued financial pressure, debt and hardship.**
17. More broadly, we know that fundamentally the cost-of-living crisis we've seen over the last couple of years has only compounded the impact of living in poverty for many households. Hundreds of thousands of people across Wales simply don't have enough money coming in to live on. Alongside increasingly unaffordable essential services and household bills, many of the contributory factors are longstanding, including an inadequate social security system and lower than average wages.
18. All of these issues need to be addressed in the medium to long term. While we recognise that not all are within the powers of the Welsh Government, it does continue to have important economic, social and cultural levers which must be maximised if its policies are to have any significant impact on the lives of low income households in Wales.

The Welsh Government says it has protected the allocation for the Single Advice Fund. Can you elaborate as to what the current level of demand is for this service; is the budget sufficient to meet it?

19. Our local Citizens Advice offices continue to face real and sustained pressure across the service, both in terms of client demand for our advice services, and their ability to cope with increasing operational costs.
20. Recent [advice needs analysis](#) commissioned by the Welsh Government helps to demonstrate the potential scale of the unmet need for advice services in Wales, particularly for advice on welfare benefits, housing and debt. The modelling shows that even in positive scenarios, where macroeconomic data is better than current forecasts, the total number of people in need of advice remains significantly above current levels of service provision. Our advisers also regularly tell us that individual client cases are becoming much more complex and as a result, more time consuming and resource intensive.
21. The fact that the budget for the Single Advice Fund (SAF) has not been cut and is due to remain the same over the next financial year is extremely welcome. However, at a time of continued rising operational costs a flat line budget does mean a real-terms cut. We are continuing to work with Welsh Government officials to explore ways to ease the inevitable pressure that a flat budget puts on our advisers and capacity, at a time of increasing demand.

For any queries relating to this response please contact [REDACTED]

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