

Written Response by the Welsh Government to the report of the Equality and Social Justice Committee - Unsustainable: debt fuelled by the rising cost of living

People across Wales are experiencing the biggest fall in living standards since records began.

We are supporting struggling and disadvantaged households in Wales to mitigate the impact of the cost of living crisis through targeted Welsh Government investment that will support programmes to alleviate financial pressures, help maximise income and keep money in the pockets of Welsh citizens.

I would like to thank the members of the Equality and Social Justice Committee for their report on unsustainable debt fuelled by the rising cost of living crisis. I have set out my response to the Report's individual recommendations below.

Recommendation 1

The Welsh Government should work with counterparts in the UK Government to closely monitor the impact of rising prices and the disproportionate impact on vulnerable groups. The support provided to help households with the alarming increases in the cost of living should be kept under review.

Response: Accept

As many of the levers to respond to the cost-of-living crisis sit with the UK Government, all Whitehall departments need to engage constructively with devolved governments in a manner that consistently respect the principles and approach set out in [the Inter-Governmental Relations \(IGR\) Review](#).

At their meeting on 1 February 2023, the Inter-Ministerial Standing Committee ('IMSC') commissioned a working group to coordinate work between the UK and devolved governments in response to cost-of-living pressures and agree next steps and ministerial engagement. The IMSC received an update at their meeting on 17 May and the work is on-going.

The Welsh Government continues to press for improved levels of engagement and discussions are continuing to agree the best structure for this group.

A Cabinet Sub-Committee on the Cost of Living has been established to provide strategic direction to the Welsh Government's response to the cost-of-living crisis. Its work is informed by the evidence of experts, service providers and organisations supporting people struggling with rising costs, including the voice of those with a lived experience.

An independent Expert Group, chaired by Professor Rachel Ashworth, which brings together a range of experts including the Institute for Fiscal Studies, Citizens Advice Cymru, National Energy Action, the Bevan Foundation and Shelter Cymru, has been asked to consider how we can best support people dealing with the crisis. The group will make recommendations in July.

[An analysis of Welsh Government support](#) for households impacted by the cost-of-living crisis during 2022-23 shows that the key programmes were targeted at those who needed help the most.

The support provided to disadvantaged households by the Welsh Government in response to the cost-of-living crisis is informed by a range of sources. These include research and analysis from the Welsh Government's Knowledge and Analytical Services as well as research and analysis from external organisations such as the Office for National Statistics, the Food Standards Authority, National Energy Action, and data from a range of market analysts. In December 2022 we published a [Chief Statistician's blog](#) signposting key sources of data relevant to the cost of living crisis.

This evidence is kept under constant review as is the impact of the various interventions.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 2

The Welsh Government should develop a long-term Action Plan setting out how it will prioritise a shift towards preventative measures aimed at tackling the root causes of poverty, wealth, and income inequality. The Action Plan should include measures to help recover from cost-of-living pressures and improve economic resilience through investment in areas such as green energy, skills, and food security. To inform its approach it should:

- commission an independent, external evaluation of the economic impact of the cost-of-living support it provided during the 2022-23 financial year; and
- undertake an assessment of the extent to which future approaches balance proactive and reactive measures to support poverty alleviation and reduction.

We would expect the preparatory work to be completed by the end of 2023 and the Action Plan published no later than May 2024.

Response: Accept in Principle

The Welsh Government's [Programme for Government 2021-26](#), which has been revised in line with the co-operation agreement with Plaid Cymru, sets out the way in which we will deliver on our priorities. These include actions to support vulnerable people, build a stronger, fairer, and greener economy, respond to the climate and nature emergency, reform education, tackle inequality, promote Welsh language and culture, improve the places we live,

lead a national conversation about our constitutional future and raise the profile of Wales in the world.

We report on progress made towards meeting these commitments in our Programme for Government and our well-being objectives through the [Welsh Government Annual Report](#). The [Wellbeing of Wales Report](#) also provides an annual assessment of our progress as a nation in achieving the longer-term wellbeing goals.

In March 2022, the Welsh Government published a report detailing the impact on household incomes of our policies to address the cost-of-living crisis (this does not appear to be referenced in the committee report).

This report provided an analysis of Welsh Government support in 2022-23 for households impacted by the cost-of-living crisis during 2022-23. It shows that the key programmes – the £150 Cost of Living Payment, the £200 Welsh Government Fuel Support Scheme, and the Discretionary Assistance Fund – were targeted at those who needed help the most. The analysis shows that around 75% of households were expected to be supported in some way. Of those supported, nearly twice as much would go to those households in the bottom half of the income distribution compared to those in the top half and three times as much to those in the bottom fifth compared to those in the top fifth.

In relation to the Committee's recommendation that the Welsh Government should undertake an assessment of the extent to which future approaches balance proactive and reactive measures to support poverty alleviation and reduction, I have asked my officials to consider options for how this could be delivered.

The Welsh Government's draft Child Poverty Strategy sets out our longer-term objectives for tackling child poverty and includes a re-balancing towards more proactive preventative actions. The consultation on the draft Strategy was launched on 19th June 2023 with a view to publishing the final Strategy by the end of the year. The consultation commits the Welsh Government to seek independent research advice on suitable national poverty indicators, data availability and a framework to monitor and demonstrate transparent accountability in reporting on our progress in tackling poverty. This includes involving people with lived experience in telling us whether we are achieving. Conversations about how best to take this work forward are currently taking place.

The consultation responses will further inform our way forward.

We are also awaiting recommendations from the Cost-of-Living Expert Group which will report in July and may also inform options for such an assessment.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 3

The Welsh Government should outline what action it is taking to help reduce reliance on Emergency Assistance Payments by households who have required multiple emergency payments. This should include publishing a final breakdown of the assistance provided during the 2022-23 financial year.

Response: Accept

In response to the Covid-19 pandemic and the ongoing cost of living crisis, the Discretionary Assistance Fund (DAF) has been flexible in adapting to meet the needs of financially vulnerable people in Wales in extraordinary circumstances. However, during 2022/23 feedback from key stakeholders was that having two sets of rules was becoming confusing, and a return to one set of rules for all applicants would be welcomed. In response to this feedback, from 1st April 2023, all individuals applying to the DAF are now able to apply for up to three Emergency Assistance Payments in a rolling twelve-month period. The frequency of these payments has been reduced to seven days apart (rather than the original frequency of 28 days) and the value of the payments has also been increased by 11%. Offering higher value payments over a shorter period of time provides more intensive support during a period of crisis, with the aim of reducing the need to return to the fund.

The DAF continues to work with Citizens Advice Cymru, with the most financially vulnerable applicants who present to the fund being referred to the Single Advice Fund for more holistic advice around income maximisation, debt, and other financial issues.

During 2022/23, more than 557,000 applications were made to the DAF, resulting in over 355,000 awards. Of these, more than 344,000 were Emergency Assistance Payments, totalling over £25m in cash grants.

Figures on the number of applications and awards are published on a monthly basis at [Discretionary Assistance Fund StatsWales table](#).

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 4

The Welsh Government should commit to:

- publishing data disaggregated by demographic group on take up of the Discretionary Assistance Fund; and
- undertaking an assessment of what additional disaggregated data it can publish for other means-tested grants it provides.

The Minister should update this Committee on this work by the end of September 2023.

Response: Accept

Policy officials are currently working with colleagues in KAS and NEC (the contractor who delivers the DAF in Wales) to ascertain what data is available

and in what format this can be published. An update will be provided to the committee in September.

Colleagues in KAS are currently undertaking analysis on DAF data from 2022/23 to inform a report, which will be published during this summer.

For other means-tested grants, colleagues in KAS will explore the feasibility of reviewing what data is already planned for publication, to identify where gaps are and what else it may be possible to provide.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 5

The Welsh Government should turn its vision for a Welsh benefits system into reality and mandate the implementation of a consistent, all-Wales approach to passporting households in receipt of one Welsh benefit to other benefits they are eligible for. Working with local authorities, the Centre for Digital Public Services, and others, the Welsh Government should provide an update on work in this area by the end of September 2023 with regular updates provided after that.

Response: Accept

Working with partners such as Centre for Digital Public Services and The Bevan Foundation is an integral part of our work to streamline the delivery of Welsh Benefits. We will be developing an implementation plan for a common approach to the administration of grants/payments, informed by the recommendations in the Policy in Practice report which was commissioned by The Bevan Foundation and others. Welsh Government acknowledges that the work to simplify the Welsh Benefits system needs to be accelerated in order to maximise household incomes and tackle poverty in light of the cost-of-living crisis. It has never been more important to ensure that people in Wales know what they are entitled to and how they can access their entitlements. Following further engagement activity, we aim to publish the Charter for the delivery of Welsh Benefits by the end of this year which will capture the collective commitment to a consistent, compassionate, coherent approach to the delivery of devolved benefits.

We will be harnessing the co-operative approach that Local Authorities and other delivery partners have demonstrated over the past few years in their response to both the pandemic and the cost-of-living crisis, working at pace to deliver invaluable services to people from disadvantaged or marginalised groups, to translate these principles into practice and agree an approach to streamlining the administration of Welsh benefits.

We will provide a further update in relation to this in September 2023 and bi-annually thereafter.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 6

The Welsh Government should adopt a more sustainable and preventative approach to tackling food poverty by supporting social enterprises which provide broader aims such as improving cookery skills in local communities and providing healthy meals. In order to do this, the Welsh Government should map out current provision of support for tackling food poverty broken down by type in each local authority area, with a view to developing a more sustainable strategy for tackling food insecurity across Wales. The initial mapping exercise should be completed by the end of 2023 and shared with this Committee.

Response: Accept

The Welsh Government provides funding towards the Social Business Wales project that provides specialist social enterprise advice and operates alongside Business Wales. Social Business Wales provides a dedicated, collaborative specialist service for social enterprises focused on achieving the outcomes as set out in the ten-year Vision and Action Plan 'Transforming Wales through social enterprise'. This includes one-to-one business support, to eligible new start and growth social businesses, dedicated employee ownership support and peer mentoring support.

In December 2022, the Welsh Government provided £2.5 million funding to support the development of cross-sector food partnerships in each local authority area. The funding is helping to tackle the root causes of food poverty by supporting the co-ordination of on the ground, food-related activity.

It is supporting joint working between the food partnerships, local authorities, and partners such as Public Health Wales, public sector bodies, third sector organisations, businesses and academic institutions and organisations such as housing associations and advice services to establish a multi-agency partnership. Drawing in local help and expertise is helping the partnerships to understand and address local need, maximise the effectiveness of projects and ensure that resources are targeted at areas of greatest need.

Independent of Welsh Government funding, nine of the existing food partnerships have already achieved Sustainable Food Place status and have a good understanding of activity in their areas. The funding is supporting these partnerships to progress their work and is helping new partnerships to undertake mapping, make links and do the groundwork needed to support the development of a partnership.

The emergence of numerous independent community food organisations - particularly in response to increases in demand for emergency food as a result of the pandemic and the cost-of-living crisis – has resulted in a changing picture of food activity, one that is fluid but also not strongly co-

ordinated. One of the difficulties of mapping the current provision of support for tackling food poverty is that the map is quickly out of date.

The local food partnerships have greater capacity and are better placed than the Welsh Government to identify and map food related activity in their areas which will support them to understand and address local need in a strategic, joined up way.

The Welsh Government is looking at sources of funding that can help further build the capacity of local food partnerships so they can maintain an accurate picture of activity in their areas through their networks. As the Wales delivery partner for Sustainable Food Places, Food Sense Wales will deliver an evaluation of the impact of the funding for the food partnerships.

An evidence base has also been developed for the Community Food Strategy which identifies a broad range of food related activity across Wales. The Community Food Strategy has the potential to deliver many wide ranging societal benefits which can improve outcomes including economic benefits, regenerating local communities, improving well-being, mental and physical health and future environment and sustainability benefits.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 7

The Welsh Government should promote the approach adopted in Flintshire of developing sheltered accommodation into Warm Hubs with other local authorities through its engagement with the local leaders. This should be progressed in a timely manner ahead of winter 2023-24.

Response: Accept

We are aware that some Local Authorities are continuing to build on the Warm Hubs concept of delivering services in shared spaces through the spring/summer and we are working with them to evaluate the effectiveness of this approach. Whilst Welsh Government funding supported the development of the Warm Hubs concept it has to be recognised that with over 800 warm hubs operating in some form or other over the winter of 22/23, the Warm Hubs concept is very much one developed at a local level to suit local needs and circumstances. Local Authorities and Welsh Government will continue to look at best practices and to promote the dissemination and adoption of these where appropriate.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 8

The Welsh Government must urgently clarify a number of issues relating to its replacement for the Warm Homes Programme including:

- why the development of a replacement Warm Homes Programme has been delayed;
- whether it plans to make any amendments to the current Nest programme now that it has been extended to the end of March 2024;
- whether the replacement programme will include an area-based element and if so whether this will be mobilised to start in late winter.

Response: Accept

The Warm Homes Programme is the responsibility of the Minister for Climate Change. Developing the new Warm Homes Programme has involved synthesising huge amounts of evidence in the form of Committee reports, a formal consultation and experience of operating fuel poverty schemes for over a decade. It has also been influenced by the current cost-of-living crisis. Any future scheme needs to reflect a changed energy system. It must also balance the imperative of bearing down on fuel poverty whilst also reducing carbon emissions and providing a stimulus to low carbon markets and skills. A large number of options have therefore been analysed to ensure the new scheme balances a range of objectives.

Further details of the policy basis for the new scheme were published on 14 June 2023. The new scheme will be predominately demand-led, but this will not preclude an area-based approach being developed in partnership and collaboration with local government. The scheme is expected to mobilise this winter.

In the meantime, the current Warm Homes Nest scheme does an excellent job of helping large numbers of households reduce their emissions and energy bills. We have implemented changes to the existing scheme, such as delivering greater numbers of solar PV and batteries, but there are no plans to make further changes.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 9

The Welsh Government should set out what discussions it has had with Ofgem to raise its concerns that the resumption of forced installation of pre-payment meters following Ofgem's review of prepayment meters provides insufficient protection for vulnerable households. It should also detail any further action it will take to protect vulnerable groups of customers. The Minister should update the Senedd on work in this area and report back by the end of September 2023.

Response: Accept

The Minister for Social Justice and Chief Whip has met Ofgem and energy suppliers frequently in recent months. The most recent Ofgem meeting was

on 26 April to discuss Ofgem's new Code of Practice, which was announced on 18 April.

The Minister has raised concerns regarding Ofgem's plans to lift the ban on forced installation. While the updated Code is a welcome step, the Minister urged Ofgem to go much further in protecting vulnerable households and stressed the Code must be mandatory and become a licence condition for suppliers. The Minister has also stressed that householders who have recently been subject to forced use of a pre-payment meter must also be offered the opportunity to revert their meter at no cost.

The Minister also raised concerns that with the introduction of the Code there is a risk energy suppliers will recommence the forced installation of prepayment meters and stressed we must not see a repeat of the bulk warrant process previously seen.

We must ensure Ofgem have the regulatory power and will to ensure energy suppliers protect the most vulnerable households rather than relying on energy suppliers to stop.

Ofgem have offered their support to the Welsh Government's call for a social tariff and for debt collectors employed by energy supplier to be accredited by the Enforcement Conduct Board (ECB).

In a letter from Neil Kenward, Ofgem Director of Strategy of 15 May, he confirmed Ofgem have encouraged suppliers to seek external accreditation for representatives who deal with debt enforcement from the ECB. However, as they do not regulate these companies, only suppliers, they cannot enforce accreditation.

The Minister has also called on UK Government to follow the example set by the water industry where companies are prohibited by law from disconnecting or restricting water supplies to households who owe them money.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 10

The Welsh Government should publish final figures regarding uptake for its Fuel Voucher Scheme in line with recommendation 6 of this Committee's report on the Draft Budget 2023-24 as soon as this information is available.

Response: Accept

In 2022-23, the Welsh Government funded the Fuel Bank Foundation to introduce a demand led national Fuel Voucher and Heat Fund scheme in Wales to support energy pre-payment customers who were struggling to prepay for their fuel. This included funding to significantly develop its partner network in Wales.

Since August 2022 to the end of March 2023, the Fuel Bank Foundation has built on its original 8 referral partners to develop a network of 101 partners which has significantly increased the capacity of all local authority areas to make referrals and provide advice and support. At the end of March 2023, a further 46 organisations were in the process of training and preparation for launch.

Up to the end of March 2023, the Fuel Bank Foundation had issued 19,561 vouchers to support households which could not afford to top up their pre-payment meters. A further 200 households received help to purchase off grid fuel. These interventions have supported over 50,000 people of whom 43% were children.

Allocations of fuel vouchers had increased significantly with the development of the referral partner network. At the end of March 2023, the remaining funding was used to purchase pre-payment meter vouchers which will be issued in Wales throughout 2023 as demand requires.

The Welsh Government also agreed that the Fuel Bank Foundation could run a pilot to purchase heated throws as an alternative approach to supporting people in fuel poverty. The pilot sought to heat the person not the home and saw 968 heated throws allocated to households in Wales.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 11

The Welsh Government should provide progress updates in relation to recommendations 1, 3, 4, 5, and 7 of our 2021 report on debt and the pandemic which should include, where relevant, any action taken in response to the cost-of-living crisis. This update should be provided by the end of June 2023.

The following recommendations were made in the Committee's report on Debt and the Pandemic in 2021. A brief commentary on progress with implementation is provided. (This was included at Annex 4 of Report)

Response: Accept

Recommendation 1

The Welsh Government's equalities data unit should work with organisations in the sector to collate and publish annual data on debt in Wales starting in the next financial year 2022-23, broken down by protected characteristics

Response: Accept in Principle

Status

Noted in the equalities data unit priorities 2022-27 document but awaiting further detail. **Request an update.**

Update

Exploring the feasibility of collating and publishing annual data on debt in Wales, broken down by protected characteristics was included in the Equality, Race and Disability Evidence Unit's published priority list and is currently being considered as part of the Evidence Unit's annual evidence planning and prioritisation process with policy officials. This will determine which projects, from the priority list, will be the most impactful and feasible, and whether there is funding available to start in the next financial year.

As part of the feasibility exercise, the Evidence Units will collaborate with colleagues in Knowledge and Analytical Services and in our wider Equality, Poverty and Children's Evidence and Support Division on relevant strands of work in this area. For example, the Knowledge and Analytical Services Social Justice statistics team collaborate with Department for Work and Pensions on the Wales portion of the Family Resources Survey. From March 2024, we will get our first data delivery for a full year where the Welsh survey was boosted, meaning a higher number of individuals will have responded, offering us a greater opportunity to do further analysis of topics such as debt. In general, we anticipate that this data should increase scope for more reliable breakdowns of data by protected characteristics over the next few years. The Evidence Units will be collaborating with Knowledge and Analytical Services to ensure that debt evidence is joined up across the organisation.

Recommendation 3

The Welsh Government should set out in its response what additional measures it will put in place to promote debt advice services to vulnerable groups who are at heightened risk of debt, so they can make informed choices about the options available to them.

Response: Accept

Status

Needs revisiting in light of cost-of-living pressures – request an update

Update

The Welsh Government introduced the Single Advice Fund in January 2020 to ensure that it is funding integrated advice services that are well known and accessible to people from disadvantaged and marginalised communities. Since the Single Advice Fund was introduced in January 2020 (until March 2023), Single Advice Fund services have helped more than 200,000 people deal with over 920,000 social welfare problems. Those helped were supported to claim additional income of £116.6million and had debts totalling £30.7 million written off.

The Single Advice Fund service delivery model, comprising of Advice and Access Partners, continues to be an extremely successful means of using the expertise of national and local organisations that specialise in reaching out to

people in greatest need. The performance management information demonstrates that over 80% of people accessing a Single Advice Fund service in the last financial year are from a priority group that are being hardest hit by the cost-of-living crisis, including older people, disabled people, and people from the Black, Asian and Minority Ethnic Communities. Officials will continue to support Single Advice Fund lead organisation to expand their Access Partner networks to include more organisations who can target key population groups.

During the period October 2021 to March 2022, Welsh Government delivered its third Claim What's Yours national benefit take-up campaign with high profile bursts of creative messaging delivered through a range of channels including TV, radio, newspaper, leaflets, mailouts and digital communications, etc. Raising awareness is only part of a person's journey to actually having extra money in their pockets. Many people need practical help and therefore a central message in the campaign was for people to contact Advicelink Cymru where, along with support to claim welfare benefits, people could also access debt advice.

Recommendation 4

The Welsh Government should publish revised plans within the next three months to tackle fuel poverty, to ensure that these are in place well ahead of the next rise to the energy price cap due to come into force from April 2022.

Response: Accept in principle

Status

The Tackling Fuel Poverty Action Plan was published in March 2021 and the Government response states that they plan to review it every two years, meaning a review is overdue – request an update.

Update

The cost-of-living crisis, largely driven by energy prices has placed even greater focus on **actions** required to help homes in fuel poverty. For example, the development of a new Warm Homes programme with associated energy advice service is intended to focus support to the least well off in the least thermally efficient homes. A revision of the Tackling Fuel Poverty Action Plan will take place in due course, learning lessons from the unprecedented energy prices we have seen in the last eighteen months. In the meantime, the efforts of Welsh Government will be focused on actions we can take now.

Recommendation 5

The Welsh Government should provide clarity in its Draft Budget on how it will allocate sufficient funds up until 2024-25 to accelerate plans to bring all social homes up to Energy Rating A to mitigate increased fuel poverty as a result of rising energy costs.

Response: Accept

Status

Consultation on new Welsh Housing Quality Standard took place May-August 2022 but no further announcements, including the Government's response to the consultation, have been made. Request an update.

Update

Following consultation and intensive engagement with the sector we expect to publish the new Welsh Housing Quality Standard (WHQS) this Autumn. A key element of the new standard will be a bold ambition to bring our social housing stock up to the highest possible levels of energy efficiency. Through our Housing Standards WDQR (new build social homes) and WHQS (existing social homes), all new social housing must achieve EPC A or an equivalent standard now, and existing social housing must have a Targeted Energy Pathway in place to achieve EPC A by 2033 or by a date after 2033 that Welsh Government has authorised.

For the Welsh Housing Quality Standard 2023 we will require social housing providers to undertake a whole stock assessment which sets out the current rating for affordable warmth and carbon emissions across their whole stock and further requires a target energy pathway for each home. This approach is being supported and reinforced by the requirements of the Optimised Retrofit Programme (ORP) phase 3.

Budget allocations for WHQS and ORP combined are circa £200m in 2023/24 and 2024/25.

Recommendation 7

The Welsh Government should explore the feasibility of introducing 'debt bonfires' in relation to aspects of public sector debt, drawing on evidence from Wales and beyond, and should write to the Committee with its conclusions by the end of June 2022.

Response: Accept

Status

Partially completed – research work by WG's Knowledge and Analytical Services has been shared with the Committee in June with a further update provided in November 2022. WG highlighted the insolvency review by the UK Government's Insolvency Service which is due to report in 2023. Request an update.

Update

The Money and Pensions Service (MaPS) are still considering their intended actions and have not yet published the response to their consultation on deficit budgets. The outcome from the Insolvency Service call for evidence on the

suitability of the formal debt solutions available to people in Wales (and England) has also not been published. Officials continue to engage with MaPS and the Insolvency Service.

In June, the Financial Conduct Authority (FCA) announced it was imposing a ban on firms receiving referral fees from debt solution providers. Introducing the ban, the FCA highlights that, while firms earn money from fees paid when people are referred to an Insolvency Practitioner for an Individual Voluntary Arrangement, other solutions, such as Debt Relief Orders (where debts are written off) which do not earn a referral agent any fees, are more suitable for many people. The FCA announcement is welcomed and will ensure more people in Wales access the debt solution that is the best option for them.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 12

The Welsh Government should work with Citizens Advice Cymru to monitor levels of demand for debt and other advice under the Single Advice Fund and commit to reviewing funding allocations in the 2023-24 Budget if necessary. This recommendation should be read alongside recommendation 3 of our report on the Draft Budget 2023-24.

Response: Accept

The Welsh Government is committed to allocating funding for advice services according to assessed need. An independent analysis of the need for social welfare advice (including on debt problems) in all Welsh local authorities will be completed in the summer 2023. This research will provide an up to date and robust evidence base of need to guide the future allocation of any Welsh Government funding for advice services. We are also undertaking an evaluation of the Single Advice Fund as it is important to objectively determine if its key aims are being met and to learn lessons from how services responded to the Covid19 pandemic and more recently the cost-of-living crisis.

Officials will also continue to work with the Citizens Advice Cymru, the lead organisation for the Single Advice Fund, to monitor levels of demand and consider measures that could be implemented to help reach people in need to cope through the crisis and how we can work together to help advice services better cope with the increase in demand.

However, it is important to note the Single Advice Fund is used on services that target people in most need. It is critical that other funders of advice services play their part as the Welsh Government cannot be expected to fund services to meet all the need for advice in Wales.

Financial Implications – None. Costs will be met from existing programme budgets.

Recommendation 13

The Welsh Government must work with councils to address the shortcomings identified in the review of the Council Tax Protocol, and the concerns of stakeholders as highlighted by this Committee, as part of its broader programme of reform. This should include placing a strengthened Protocol on a statutory footing. This work should be progressed at pace and an update provided to the Senedd before the end of September 2023.

Response: Accept

Following the publication of the evaluation of council tax interventions which included a review of the council tax protocol, officials have already established a series of working groups with local government and third-party stakeholders to take forward recommendations: this includes reviewing council tax debt and collection. This will involve reviewing the existing enforcement processes and developing policy proposals for amending legislation to remove the requirements for an individual to become liable for the annual balance of their council tax bill if one payment is missed. This will also include a review of the Council Tax Protocol and consideration of policy options to strengthen the protocol and make it statutory. These measures are intended to focus local authorities' actions to provide support for vulnerable citizens as an integral part of their collection activity.

Financial Implications – None for Welsh Government. Any additional costs will be met from existing programme budgets. Policy proposals will consider whether amendments to Regulations may have financial implications for local authorities.

Recommendation 14

The Welsh Government should provide an update on the action it will take over the financial year 2023-24 to raise awareness of credit unions and promote affordable credit, including the aims and expectations for the wider rollout of the No Interest Loans scheme. This update should be provided before the wider rollout is scheduled to commence in June 2023.

Response: Accept

Welsh Government is providing financial support to Cambrian Credit Union until 31st March 2026 to deliver a national marketing campaign on behalf of Credit Unions of Wales, raising awareness of the services they provide including affordable credit.

Further funding is in place until 31st March 2026 for the promotion of Moneyworks Wales [Money Works \(moneyworkswales.com\)](http://moneyworkswales.com) which is a collaboration of seven credit unions to support the financial wellbeing of Welsh workers.

The No Interest Loan Scheme (NILS) has been scaled up since the initial launch of Social Credit Cymru in late December 2022. It remains on track to

deliver the agreed volume of loans by August 2024. In addition to NILS lending via Social Credit Cymru and Fair for You, a third lender, Salad Money, is due to begin lending in Wales from July 2023.

Purple Shoots has responsibility for widening the referrals into Social Credit Cymru and the expectation is that these referral pathways will begin during August 2023. As this is a pilot which is testing this product, Fair4All Finance are working closely with all NILS lenders to review volumes. A behavioural insights team have been commissioned to help lenders optimise referral journeys and additionally, as part of the NILS journey some customers will receive financial coaching to improve their longer-term outcomes.

Financial Implications – None. Costs will be met from existing programme budgets.