

# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Welsh Government support through the cost of living crisis** |
| **DATE**  | **31 March 2022** |
| **BY** | **Jane Hutt, Minister for Social Justice** |

Last week, the Office of Budget Responsibility stated that 2022-23 will see the biggest fall in living standards in the UK since records began. Despite widespread calls on the UK Government to deliver more support through the spring statement to help people who are struggling to meet the rising cost of household bills, the Chancellor announced an increase of just £27million in the Welsh Government’s resource funding for 2022-23.

With the forecast inflation rate currently at 7.4%, the spring statement was an opportunity to put right its decision to uplift welfare benefits by just 3.1%; it was an opportunity to act to reduce energy bills; it was an opportunity to alleviate some of the financial pressures currently experienced by vulnerable households as a result of the cost of living crisis.

Instead, the UK Government - which holds the key levers for tackling poverty - has chosen not to use the spending power it has available to invest in substantive measures to support people when they need it most. People will see household budgets come under significant pressure as a result of inflation, rising energy prices and increased National Insurance contributions. The decision not to uprate benefits in line with inflation means a £290 real terms year-on-year fall in benefit income for our lowest income households. This is on top of the £1,000 a year that over 230,000 households lost last October when the UK government ended the £20pw Universal Credit uplift payment.

Welsh Government has already taken action to deal with this unprecedented rise in the cost of living. Since last November, we have invested more than £380 million in a package of support for low income households to meet the immediate pressures on living costs.

This financial support will help fund a £150 cost-of-living payment for all households in properties in council tax bands A to D and to all households which receive support from the Council Tax Reduction Scheme in all council tax bands. The scheme will be administered by local authorities and will run from April to September this year. A further £25m will be available to local authorities in the form of a discretionary fund. They will be able to target this additional funding to help households which may be struggling.

The support package also included funding for the Winter Fuel Support Scheme which provided a £200 payment for eligible households to help meet the cost of essential bills over the winter period. The funding will also support a further fuel support scheme to be launched in this coming autumn. We are looking at how the scheme can reach more households so more people receive the £200 payment which offers such crucial support.

A further £2.84 million was allocated to relieve the pressures of increasing demand on food banks and support action to help tackle food poverty. This built on the £2 million investment which we provided for the third year running to support community food organisations to help tackle food poverty and address food insecurity. In May, I will be hosting a food poverty roundtable to consider how resources can most effectively be directed to reduce and prevent the need for reliance on emergency food provision.

As part of the 2022/23 final budget, a further £15m has been made available for the Discretionary Assistance Fund (DAF). This will help extend flexibilities until March 2023, ensuring more people receive emergency financial support when they need it. This figure is in addition to the fund budget uplift of £7m per annum for the next three years.

We are extending DAF support throughout the summer and winter up to the end of March 2023 for off-grid households which are unable to afford their next delivery of oil or LPG due to extreme financial hardship. This will help those households with up to £250 for a one-off oil payment or up to three payments of £70 for LPG.

I have also agreed to extend the current grant funding for the Single Advice Fund until March 2023 and, subject to budget confirmation, I have approved to extend the grant funding until March 2024.  This offers providers a degree of stability at a time when more people will need their help to manage the problems the cost of living crisis is generating.

There is a significant risk that people in desperation and those with a poor credit history who are unaware of affordable providers such as credit unions, will turn to high cost or illegal lenders. To mitigate this risk, we have secured an additional £620k in 2022-23 for credit unions to continue an intensive digital marketing campaign and expand their lending so they can support more financially vulnerable people. This is in addition to £500k already in place to support the work of credit unions. A No Interest Loan Scheme will begin in Wales this year, which will support even more people to access affordable credit when they need it.

In October 2021, we launched our second national benefit take-up campaign, to raise people’s awareness and encourage them to contact Advicelink Cymru for information on accessing the benefits they are entitled to. In addition, on 21 March 2022, we relaunched our council tax ‘green pig’ campaign to raise awareness of the wide range of support households can receive with their council tax, and urge people to find out if they are eligible.

We have also provided financial support in recognition of the pressures facing particular groups: in March we announced an additional one off payment of £100 to every child or young person eligible for PDG Access for the upcoming school year; more than 57,000 unpaid carers will receive a £500 payment in recognition of the pivotal role they played during the pandemic; approximately 53,000 registered care home workers, domiciliary care workers and Personal Assistants in Wales will also receive a payment of £1,498 (gross) alongside the introduction of the real living wage.

As a government we are determined to do all we can to support those who find themselves vulnerable at this time and take the steps needed to build resilience in our communities. I will be hosting a second cost of living summit in the summer when we will look again at more we can do, working with partners, to address the inequalities that the current crisis has brought so starkly into focus.