

Keeping Wales warm and fed this winter

Research Briefing

December 2023



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Welsh Parliament
Tŷ Hywel
Cardiff Bay
CF99 1SN

Tel: **0300 200 6307**

Email: **GarethDavid.Thomas@senedd.wales**

Twitter: **[@SeneddResearch](https://twitter.com/SeneddResearch)**

Senedd Research: **research.senedd.wales**

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Authors:

Gareth Thomas, Chloe Corbyn, Elfyn Henderson and Jennie Bibbings.

On 8 December, the Senedd's **Committee for the Scrutiny of the First Minister** will scrutinise the First Minister, Mark Drakeford MS, on keeping Wales warm and fed this winter. This briefing sets out some of the key issues that may be discussed during the evidence session.

The Committee will also scrutinise the First Minister and the leader of Plaid Cymru, Rhun ap Iorwerth MS, on the Co-Operation Agreement. You can explore the key issues in the briefing we have produced for that session.



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1. Cost of living support and the Autumn Statement

Support provided by the Welsh and UK governments

The UK Government has continued to provide **Cost of Living Payments** to households on certain benefits, pensioners and people with disabilities during 2023-24. It is providing the following support:

- Three payments totalling £900 for households in receipt of specified social security benefits.
- A payment of £150 for people in receipt of a qualifying disability benefit.
- A Pensioner Cost of Living Payment of between £150 and £300 paid as part of the Winter Fuel Payment.

It is not clear whether Cost of Living Payments will be extended into 2024-25.

The Welsh Government **has allocated** £18.8 million additional funding to the Discretionary Assistance Fund (DAF) in each of 2023-24 and 2024-25. It has also continued to provide support to off-grid households through the DAF, and **supported households on prepayment meters and off-grid households** through the Fuel Voucher Scheme operated by the Fuel Bank Foundation.

This winter, the Wales Fuel Support Scheme and Cost of Living Support Scheme that operated in 2022-23 will not be in place.

Details of support with energy bills is provided in section 2 of this briefing.

Cost of living expert group report

The Wales Expert Group on the Cost of Living Crisis's **report to the Welsh Government** was published on 26 September. The report makes 29 recommendations to the Welsh and UK governments. Further details on specific recommendations are provided in later sections.

Responding to a question in Plenary **on 28 November**, the First Minister said that:

Areas of recommendation where progress has been made include housing and homelessness, income maximisation, and reducing the cost of the school day. But let me be clear, the Welsh Government does not have the funds to fulfil all 29 recommendations. Hard choices are being made, informed by the expert group report.

Autumn Statement

The Chancellor of the Exchequer made his **Autumn Statement** on 22 November. Among the main measures announced relating to households were:

- A cut in employee National Insurance contributions from 12% to 10%, along with cuts in National Insurance contributions for the self-employed.
- A rise in the National Living Wage (the statutory minimum wage) to £11.44 per hour, and the age threshold for receiving this lowered from 23 to 21.
- Uprating of social security benefits by 6.7% in 2024-25, based on the rate of inflation in September 2023.
- Increasing Local Housing Allowance rates for private rented sector homes to the 30th percentile of local market rents in April 2024.

The Minister for Finance and Local Government responded to the Autumn Statement on 22 November. In **her statement**, she said that:

The cost-of-living crisis is not over – energy prices are expected to rise again in January and inflation is still well above the Bank of England's 2% target. I am pleased the Chancellor has finally listened to our repeated calls to uplift Local Housing Allowance, which has remained frozen since 2020. However, it is unfortunate his announcement will not see this increased money in the pockets of low-income tenants until next April, offering little comfort over the winter.

Warm this Winter campaign

In June, the Senedd passed **a motion**, tabled by Hefin David MS, on Warm this Winter. It called on the Welsh Government to work to implement solutions for a “genuine pathway out of the cost-of-living crisis”, and to raise concerns with the UK Government about energy costs and the need for UK-wide support schemes in place this winter.

Warm this Winter is a UK-wide campaign, supported by anti-poverty and environmental organisations. A **sister campaign** is being run in Wales by Climate Cymru. The campaign calls for Welsh and UK Government action across four areas:

- **Emergency support for vulnerable households**, including free or heavily subsidised public transport; a quicker roll out of free school meals; free childcare for two-year-olds to be extended to all children; and banning people being forced onto pre-payment meters.

- **An “ambitious” energy efficiency programme**, including automatic referral to energy efficiency schemes for vulnerable households; the Warm Homes Programme to be ready to help households this winter; building new housing to the highest standard of efficiency possible; easy to access information and advice on available energy efficiency grants; and loans to help people install energy efficiency measures.
- **A rapid scale up of low cost renewables**, including greater clarity on the ongoing work of Ynni Cymru and the **publicly funded energy developer**, and the implementation of a renewables workforce plan.
- **Ending the use of fossil fuels**, including ending the extraction, extension, and expansion of coal in Wales, not issuing or extending licences, for coal, gas or oil, and continuing opposition to fracking.

On 6 December, there was an opposition debate in Plenary on energy prices.

2. Energy prices

Price cap

The **Energy Price Cap** limits what consumers pay for each unit of gas and electricity used, and sets a maximum daily standing charge (what customers pay to have their home connected to the grid). It’s based largely on wholesale energy prices and applies only to providers’ standard and default tariffs, which the vast majority of households are now on.

It does not cap the total amount of the gas and electricity bill – how much the consumer pays depends on how much energy they use.

Under the current direct debit cap the average price of gas is 6.9 pence per kilowatt hour (kWh), the average price of electricity 27.4 p/kWh. Average standing charges are 29.6 p/day for gas and 53.4 p/day for electricity.

Under the October-December 2023 **direct debit price cap** the average annual bill for typical gas and electricity consumption is **£1,834**. This is below the £2,380 level under the **Energy Price Guarantee** from October 2022 to June 2023, but 51% higher than in winter 2021/22. The price cap will **increase by 5%** to £1,928 in the first quarter of 2024 and is expected to fall back to around £1,800 for the rest of 2024.

Ofgem review of standing charges

The standing charge is a cost included in each electricity and gas bill, and in the Energy Price Cap. A supplier charges a household the standing charge cost each day, even if they do not use any energy on that day.

The charge covers the cost to maintain the energy supply network, take meter readings, and support government social schemes, for example helping people that cannot afford energy, and environmental schemes.

The amount of the charge depends on the supplier and where you live within Great Britain. While standing charges for gas are consistent across Wales, **there is a considerable difference between North and South Wales for the electricity standing charge.**

	Oct-Dec 23	Jan-Mar 23
North Wales	62.23p	62.21p
South Wales	54.23p	54.21p
GB average	53.37p	53.35p

Source: [Electricity standing charge by region, Ofgem](#)

In November, Ofgem launched a **review** into standing charges. It explains the background to the review:

Including a standing charge and how much to include in energy bills is complicated. If it were to be removed, then suppliers would still need to cover the costs like maintenance in other ways. It could mean that the cost of energy you use would go up. This could help some people to use less energy. However, people who cannot use less energy due to health problems or age, for example those who have electricity-powered medical equipment, would have higher bills.

Pre-payment meters

Prepayment meters ('PPM') are **domestic energy meters** that require users to pay for energy before using it. In January, a **Welsh Government statement** said approximately 200,000 Welsh households use PPM for mains gas and electricity, representing:

...approximately 15% of all households and 24% of tenants in the private rented sector. Almost half of social housing tenants (45%) also use pre-payment meters.

Energy is more expensive with a PPM, particularly in winter. Citizens Advice says this is because “If you’re on prepayment, your supplier can’t spread the cost of energy over the year”.

In November, the Petitions Committee **published** its report on pre-payment meters. It made eight recommendations, including that the Welsh Government should:

- Support the creation of a new social tariff for vulnerable people to provide support for those in greatest need;
- Look at how it can enhance advice services this winter, including additional funding or a more visible advertising campaign;
- Explore with utility providers whether it would be possible – within the limits of data protection rules – to ensure that where one organisation is aware that a customer is vulnerable, they are automatically given greater protection by other suppliers;
- Work with the UK Government and Ofgem to ensure there is greater clarity about who has the power to instigate a freeze on the fitting of pre-payment meters. Also that Ofgem should work with energy suppliers to monitor how decisions on vulnerability are made and by whom.

3. Fuel poverty and energy efficiency

Fuel poverty

Rising energy prices are pushing more Welsh people into fuel poverty (defined as spending over 10% of household income to keep their house warm). **Rural households are being hit particularly hard.** Energy cost hikes are compounded by Welsh housing being **some of the least energy efficient in Europe.**

According to the Welsh Government’s **latest estimates, up to 45% of all households in Wales were in fuel poverty**, following the price cap increase of April 2022. Up to 8% of Welsh households were estimated to be in severe fuel poverty. Furthermore, 98% of lower-income households were estimated to be in fuel poverty at that time, with up to 41% of those thought to be in severe fuel poverty.

The Welsh Government’s 2021 **fuel poverty plan** aims that by 2035:

- No households are estimated to be living in severe or persistent fuel poverty as far as reasonably practicable;

- Not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable; and
- The number of all households “at risk” of falling into fuel poverty will be more than halved based on the 2018 estimate.

Warm Homes Programme

Welsh Government action to help tackle fuel poverty is delivered through the Warm Homes Programme (WHP), which comprises the **Nest scheme, which runs until March 2024**, and the now-ended Arbed programme.

In June, the Welsh Government **published its plans** for the next iteration of the Warm Homes Programme. The policy statement outlines a two-stage approach:

[Part 1:] By bringing forward the procurement of a replacement demand led service, we will ensure continuity to assist those least able to pay to respond to the cost-of-living crisis. This will also ensure a just and affordable transition to low carbon homes.

[Part 2:] The development of an integrated approach across all tenures and income levels to drive decarbonisation. The integrated approach will develop from the experiences of ORP and other Welsh housing initiatives.

The next programme will offer advice and support to all households in Wales.

Eligibility for support with energy efficiency measures in the new programme will be based on supporting those least able to pay for improvements themselves.

In a letter to the Climate Change, Environment and Infrastructure (CCEI) Committee in August, the Minister for Climate Change set out the key milestones for the new programme. **She stated mobilisation of the new programme would start at the end of November 2023.**

In response to the Committee’s question about whether the new scheme will make provision for an area-based approach, the Minister stated:

We will be working with the successful bidders during the first year to further develop the scheme to accommodate communal and small-scale area-based schemes, such as the treatment of a terrace of houses or a block of flats where that is the most appropriate intervention.

Climate Change, Environment and Infrastructure Committee report

In February 2023, the Climate Change, Environment and Infrastructure (CCEI) published its report on **decarbonising the private housing sector**. The report found that the Welsh Government's focus has been on decarbonising social housing. It identified 'privately-owned homes', which make up over 80% of Welsh housing, as "the elephant in the room" for reaching the **Welsh Government's target of net-zero by 2050**, and a **priority area to be explored**.

Current energy efficiency measures for the privately-owned sector, such as the **Nest scheme**, the **Energy Company Obligation (ECO) scheme** and the **Boiler Upgrade Scheme** were also explored by the Committee. The Committee found current support is fragmented, and called for a long term regulatory approach to drive energy efficiency measures in privately-owned housing.

Warm Hubs

In December 2022, the Welsh Government provided £1 million funding to local authorities to open **warm hubs**, which were designed to offer a warm place to go for people who may struggle to heat their homes. Over **700 hubs** were set up across Wales.

A **recently published paper** by Dr Andrew Price, and Professors Gary Higgs and Mitchel Langford at the University of South Wales has drawn attention to geographical variations in access to warm spaces in Wales.

4. Targeting support at those who need it most

Targeted support for families and households with at least one person with a disability

The report of the Wales Expert Group on the Cost of Living Crisis highlighted that it is **particularly concerned about low-income households with three or more children** as "these households are affected by the two-child limit on UC [Universal Credit] and receive the same UK Government cost-of-living payment as much smaller households". The group also called for **additional support for low-income households that include a disabled person**, as "these households have additional living costs".

The group recommended the Welsh Government introduce the following instalment-based support for these groups:

- A £150 payment to low-income households with 1 or 2 children, which would cost £12.79 million; and
- A £300 payment to low-income households with 3 or more children, which would cost £7.16 million
- A £150 payment to low-income households including a disabled person, which would cost £8.37 million.

Helping renters to remain in their homes

During 2022, courts in Wales dealt with 937 private landlord possession claims and a further 1,445 claims under the accelerated procedure (which applies to most 'no-fault' claims). This was the **highest number of possession claims** in the Welsh private rented sector since court records began in 1999.

This trend is continuing into 2023. Data to the end of September show 742 private landlord claims and 1,207 claims under the accelerated procedure, which are respectively 8% and 27% higher than the same period in 2022.

Private rents have also been increasing. According to ONS data, private rental prices paid by tenants in Wales **rose by 6.9%** in the 12 months to October 2023. This figure compares with 6.0% in Scotland and 5.6% in England. Housing charity Shelter Cymru has reported examples of **100% rent increases**.

Some countries have restricted rent rises and evictions in response to cost-of-living pressures. Scotland has a **rent cap** and a **pause on evictions** in place until 31 March 2024. Other countries to take measures include **Ireland, Spain** and **France**.

Accessing advice and financial support

On 28 November, Citizens Advice Cymru published its **latest cost of living dashboard**. Data for October 2023 shows that:

- The total number of people being supported with debt advice was the second highest on record, and 19% higher than in October 2022.
- The number of people helped with energy debt advice, council tax arrears and water and sewerage debts were at record levels.

The Welsh Government funds Citizens Advice Cymru to deliver the **Single Advice Fund**. It kept funding levels for 2023-24 the same as for 2022-23. **Responding to**

a recommendation from the Equality and Social Justice Committee during draft budget scrutiny earlier this year, the Welsh Government said:

An independent need analysis has been commissioned to produce a robust and comprehensive evidence base of the need for social welfare advice. We will use this to guide our decisions on future levels of advice service funding.

Discretionary Assistance Fund

In the **2023-24 Draft Budget**, the Welsh Government allocated an additional £18.8 million to the Discretionary Assistance Fund (DAF). This additional allocation was made to “ensure people severely impacted by the cost of living crisis can continue to access this emergency support”. In a **written statement** in February 2023, the Minister for Social Justice said that Emergency Assistance Payments made through the DAF would increase by 11%, up to a maximum payment of £111.

In a **letter to the Equality and Social Justice Committee** in July, the Minister for Social Justice said that:

The monthly figures indicate that the DAF is operating within budget. The quarterly target spend is £8.5m, and for the first quarter (April – June 2023) actual figures show a spend of £8.1m. However, officials are aware that demand on the DAF is very likely to increase in the autumn/winter quarters with fuel costs predicted to rise.

5. Food poverty

Food banks

Between April and September 2023, food banks in the Trussell Trust network in Wales distributed 88,518 food parcels. This is the highest number on record - 15% higher than for the equivalent period in 2022 and 77% higher than for the equivalent period in 2018.

The Trussell Trust says “this will be the busiest winter ever at food banks”, and that:

...there are fears that the long-term problem of social security payments being too low to cover essentials, plus the ongoing cost of living crisis, and the coming winter will push some food banks to their limit and they may not be able to meet all of the need in their communities.

The Trussell Trust has called on the UK Government to make a number of changes in relation to social security benefits, disability benefits and the Local Housing Allowance. It has also called on the Welsh Government to develop a national plan to reduce and prevent the need for emergency food aid.

A longer-term approach to tackling food poverty

Following its inquiry into debt and the impact of the rising cost of living, the Equality and Social Justice Committee **concluded that**:

As long as household incomes fail to cover the costs of foodstuffs then foodbanks are likely to continue playing an important role in the crisis response. However, in the long-term, we want to see efforts to tackle food poverty placed on a more sustainable footing. We think that the work of social enterprises such as Well-Fed offer a vision of what a more sustainable approach could look like: “if people eat well, they cope well.”

The Committee **recommended that**:

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.

Community Food Strategy

The Minister for Rural Affairs and North Wales, and Trefnydd **wrote to the ETRA Committee on 3 October** to update on implementation of **the Committee’s recommendations** following the fall of the Food (Wales) Bill in May. The letter says:

- The Minister intends to publish a document drawing together all the Welsh Government’s food related policies before the end of the year, and; “Collectively it will present the Welsh Government’s strategic agenda for food matters”.
- Drawing the document together identified some “potential policy opportunities” which, alongside **completed stakeholder engagement**, will feed into the forthcoming Community Food Strategy. The Minister intends to publish the strategy in 2024.
- The Welsh Government Director of Rural Affairs chairs a cross portfolio forum of senior officials on food matters, “an arrangement which will continue as a means to assist policy development for the foreseeable future”.

6. Feeding school-age children

Extending eligibility for free school meals to secondary school-age children

The report of the Wales Expert Group on the Cost of Living Crisis welcomed the move to provide free school meals for all primary school-aged children, but expressed concern that, in relation to provision in secondary schools:

It is clear that the current limits on eligibility for FSM are restrictive... The Expert Group is particularly focused on the situation for low-income households on benefits who do not currently qualify for FSM. These families are in receipt of Universal Credit but fall just outside of the eligibility criteria due to the earnings cap introduced in 2019. FSM provision is vital in helping these families avoid negative budgeting situations and experiencing deeper levels of poverty.

The group recommended that the Welsh Government extends the provision of free school meals to Years 7-11 for those households in receipt of Universal Credit, without a cap on earnings.

Decision to stop free school meals in holidays

On 16 November, the Welsh Government published an **impact assessment** around its decision to **stop providing free school meals in the school holidays indefinitely**. This says:

- “The absence of the provision will likely lead to increasing the risk of inequalities associated with socio-economic disadvantage, such as health inequalities and attainment”. Families and children with disabilities, lone-parent families, and families from some ethnic minority communities are disproportionately impacted by the decision.
- “However, the negative impacts will be mitigated”. Families who are eligible for free school meals will continue to be able to access the School Holiday Enrichment Programme, access to holiday playschemes that provide food, and “in many areas, access to discretionary funding from local authorities”.
- The total cost of providing free school meals in school holidays is £35m per year, which would require reassigning funding from elsewhere in the education budget. The Welsh Government concluded that “Any such cuts to core services would potentially have serious consequences and negative impacts on all children across Wales”.

Free school breakfasts for Year 7 children

The Welsh Government piloted free school breakfasts for year 7 children, which **finished at the end of the 2022/23 academic year**. The pilot provided Year 7 pupils who receive free school meals with an additional allowance of up to £1 per day to obtain a breakfast without using lunchtime meal credit.

In May 2023, the Minister for Education and the Welsh Language **wrote to the Children, Young People and Education Committee** about the pilot. The Minister said “I am committed to ensure no child goes hungry during the school day and will assess the merits of the advice provided [by Welsh Government officials], considering issues of affordability, impact for learners, and interplay with other potential options which may exist within the food in schools’ space”.

Providing nutritious school meals

The report of the Wales Expert Group on the Cost of Living Crisis calls for the Welsh Government to promote Invest-to-Save approaches to prioritise sustainable outcomes for low-income households. One of the examples it gives is increasing the nutritional value of school meals.

A **report published by Well-Fed** says that feeding children healthier food is “where our greatest opportunity lies to support and improve the health and wellbeing of our communities”. It asks whether, with increased government investment in free school meals in Wales, it is the time to “insist that children are also fed healthier food too?”. Well-Fed recommends that the Welsh Government removes **ultra-processed foods** from the public sector supply chain by the start of the school year in September 2026.