

# Citizens Advice South East Wales Cost of Living Crisis Impact Report

January 2023



**cyngor ar  
bopeth**

**citizens  
advice**

**De Ddwyrain  
Cymru  
South East  
Wales**

# Contents

## Message from Our Chair

## Executive summary

Recommendations

## Introduction

## The Impact of the Cost of Living Crisis

Income Profile

Housing

Utilities

Food Poverty

Transport

## Advice Needs Analysis

## Client Stories

## Policy Issues

## The Impact of Our Advice

## Conclusion

# Message from Our Chair

The creation of Citizens Advice South East Wales (CASEW) could not have come at a more critical time. As the Cost of Living Crisis grips the UK, the services of Citizens Advice have never been more relevant or needed. In the last three months alone we supported 50,000 clients, increasing their income by more than £25 million and helping them manage around £2.5 million of debt.

Our vision for CASEW is to pool the knowledge, expertise and capacity of the nine local Citizens Advice offices to do even more, providing improved access to information, advice and support across South East Wales. Working in partnership with others we will design and deliver advice services around our clients, and we will use our knowledge and data to inform and influence policy and practice. This report on the Cost of Living Crisis is the first CASEW report to be published. It reflects the lived experience of people in South East Wales – a region that covers half of the population of Wales, ten of the twenty-two local authorities and three of the Local Health Boards.

We have looked at some of the key factors that impact individuals and households during a Cost of Living Crisis, including income levels, housing, the cost of utilities, food and transport. The findings are stark. We have seen a 1500% increase in crisis support since December 2020 with demand for fuel vouchers and emergency food parcels skyrocketing. More than 50% of our clients report a monthly income of less than £1000 per month, while we predict that some energy prepayment customers will need to find as much as £360 a month in January 2023 to avoid being disconnected.

The support from Government for those on low incomes is acknowledged, but it is not just those who are eligible for support that are struggling. While the report's findings make hard reading, it also makes some specific recommendations. If addressed, these could have a significant impact on households and individuals, by helping more people to reduce their costs and access available support as well as by increasing Local Housing Allowance to align with average private sector rents. In the meantime, CASEW will continue to provide advice to clients, for example under the Claim What's Yours project. We will also continue to monitor the impact of the Cost of Living Crisis on our population and publish further research reports in the future.

**Ness Young - Chair of Citizens Advice South East Wales**



# Executive Summary

The Cost of Living Crisis has already had an impact on households in Wales who are experiencing the cost implications of rising inflation as well as significant increases to their energy bills.

Citizens Advice South East Wales (CASEW) brings together local Citizens Advice from Cardiff and the Vale of Glamorgan, Bridgend, Rhondda Cynon Taf, Merthyr Tydfil, Caerphilly, Blaenau Gwent, Torfaen, Newport, and Monmouthshire.

CASEW provides advice on a range of issues. We use the data we collect to better understand the challenges faced by the wider community and advocate on behalf of our clients. We have started to see an increase in clients accessing our services on issues relating to the Cost of Living Crisis and therefore, have been able to use this data, case studies and our knowledge of the region to create this report with a view to better understanding the triggers and offer recommendations.

The key findings of this report are:

- Households in South East Wales face some of the highest average rent costs in Wales, with a significant proportion of properties owned by private landlords. A single-income household earning Real Living Wage could be paying as much as **19-34%** of their monthly income on their rent, or **24-44%** if earning National Living Wage. Those on a lower income and therefore eligible for support with their housing costs could face a shortfall either as a social housing tenant due to under-occupying their property or as a private tenant because Local Housing Allowance rates have not kept up with average rent prices.
- It is estimated that **45%** of households in Wales will be classed as fuel poor following the increase to the Energy Price Cap in April 2022.<sup>1</sup> Even with the Energy Price Guarantee, single-income households earning National or Real Living Wage will be at risk of fuel poverty.
- There is an increasing reliance on Foodbanks, which further demonstrates the inability of households in South East Wales to afford basic essentials. Between April and September 2022, **23,905** emergency food parcels were issued in South East Wales.<sup>2</sup>
- **34%** of the clients that accessed our services between September and December 2022 to request a Foodbank parcel, reported an income of between

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<sup>1</sup> Fuel poverty modelled estimates for Wales (headline results): as at October 2021 (April 2022) Welsh Government

<https://www.gov.wales/fuel-poverty-modelled-estimates-wales-headline-results-october-2021-html>

<sup>2</sup> Trussell Trust Mid-Year Statistics 2022-2023 (2022), Trussell Trust

<https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/11/Trussell-Trust-Mid-Year-Statistics-2022-23.xlsx>

**£1,000 and £1,999**; evidence that those working full-time (37 hours) earning National or Real Living Wage are facing destitution.

- Since December 2020, CASEW has seen a **1,500% increase** in clients seeking advice on accessing charitable support and Foodbank vouchers. There was a **115% increase** since April 2022.
- Fuel prices peaked in July 2022 at **48% higher** than the previous year<sup>3</sup>, adding to the increasing financial pressures and leaving some not knowing how they will afford to commute to work.
- CASEW has seen a **300% increase** in clients who are self-disconnecting from their fuel supply due to a lack of credit on their energy meter or account since April 2022. We predict that in January 2023, some prepayment customers will need to find an estimated **£360** a month for their energy or risk being cut off.

## Recommendations

### Housing

- The 2022/2023 Local Housing Allowance rates do not meet 2019 average rent costs. The average monthly shortfall is £53.11 with Cardiff and Blaenau Gwent facing the highest at over £70 per month. The difference between the two must be met by the individual who may have the option of claiming Discretionary Housing Payment as a short-term solution. Our recommendation is that the Local Housing Allowance rates are increased to reflect the average rent costs in 2023.

### Utilities

- There have been a number of financial support schemes made available to ease the financial strain of rising energy costs. We have identified that those on prepayment meters and without a smart meter are at a disadvantage, specifically in relation to the issuing of paper monetary vouchers that are subsequently not received. Those reliant upon paper vouchers should be provided with a suitable alternative that does not risk the same delays or the risk of being lost in the post.
- Local Authorities and Welsh Government should work closely with advice providers such as CASEW to help low-income households who are not eligible for the cost of living support identify other ways to maximise their income.

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<sup>3</sup> Behavioural impacts of rising automotive fuel prices on consumer fuel demand, UK: July 2021 to August 2022 (September 2022), The Office for National Statistics  
<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/behaviouralimpacts-of-rising-automotive-fuel-prices-on-consumer-fuel-demand-uk-july-2021-to-august-2022/2022-09-02>

## **Food Poverty**

- The increasing cost of food alongside other rising costs is pushing more people towards Foodbanks. The £20 a week uplift to Universal Credit was lost at a time when low-income households could not afford a reduction in benefits. The £20 a week uplift should be reinstated to ease the financial pressures caused by the Cost of Living Crisis.

# Introduction

In 2022 the UK started to see the economic repercussions of a global pandemic and was faced with a new challenge; the Cost of Living Crisis. The situation became progressively worse during the year, with inflation increasing and reaching its highest point within the last 30 years. Rising energy and fuel prices put a further financial strain on households, with the expectation that things would get worse in the colder months.

Delivering advice services in a region with 10 of the 15 most deprived LSOAs in Wales,<sup>4</sup> it seemed pertinent to review the impact of the Cost of Living Crisis and understand the effects on the people of South East Wales. Specifically:

- What are the main factors contributing to the Cost of Living Crisis?
- What impact is the Cost of Living Crisis having on the advice needs of our clients?
- The positive impact our advice has on clients
- The key policy issues identified

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<sup>4</sup> Welsh Index of Multiple Deprivation WIMD 2019: Results Report (2019), Welsh Government <https://www.gov.wales/sites/default/files/statistics-and-research/2019-11/welsh-index-multiple-deprivation-2019-results-report-024.pdf>

# The Impact of the Cost of Living Crisis

To understand the impact of the Cost of Living Crisis on households and clients in South East Wales, we must consider key influencing factors: income profile; housing; the cost of utilities; food poverty; and the cost of travel.

## Income Profile

On 17th November 2022, the Chancellor of the Exchequer set out his Autumn Statement with the measures to be introduced in response to the Cost of Living Crisis. It was announced that the National Living Wage is set to increase by 9.7% in April 2023, as well as the uprating of benefits in line with inflation at 10.1%. Additionally, cost of living payments for eligible UK households was confirmed for 2023/2024.

Whilst this is welcome news for many, waiting until April for the changes to take effect will put many households in serious financial difficulty. The Office for National Statistics reported that food and non-alcoholic beverage prices rose by 16.4% in the 12 months leading up to October 2022.<sup>5</sup> The price and interest rate rises that have been endured in recent months, without any increase in household income will start to take their toll, with people inevitably falling into debt just trying to make ends meet.

According to data collated by Stats Wales, in 2022 the estimated average gross weekly earnings are £606.80 in the South East Wales economic region.<sup>6</sup> Prior to the Cost of Living Crisis, this may have been considered a reasonable salary, dependent upon financial commitments and expenditure. However, in current circumstances, the average energy bill<sup>7</sup> would equate to approximately 8% of the net monthly income. With costs and interest rates rising, it is more likely that we will see individuals face in-work poverty. Additionally, those on the lowest incomes are at risk of destitution.

From September to December 2022, CASEW recorded the following in terms of income profile for those that resided in South East Wales and used our service:

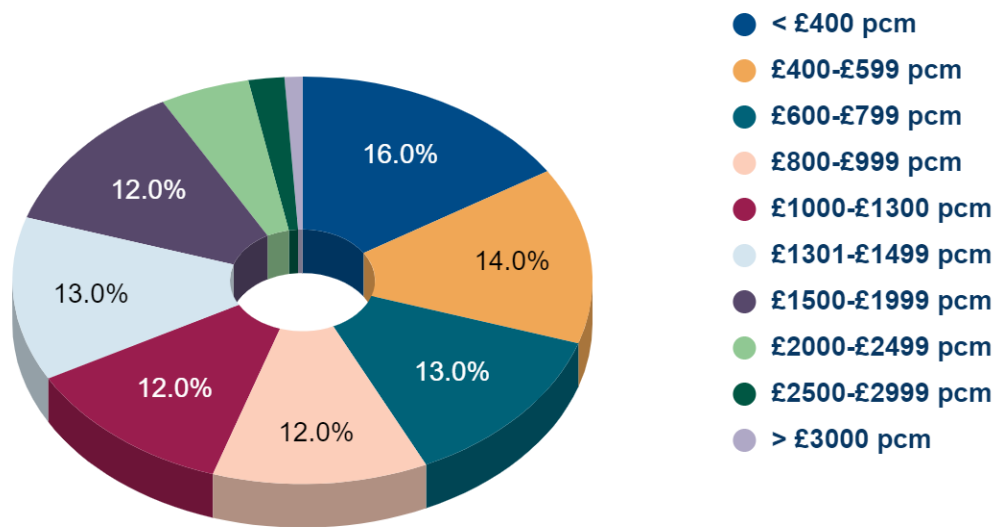
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<sup>5</sup> Consumer price inflation, UK: October 2022, Office for National Statistics, <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2022>

<sup>6</sup> Average (median) gross weekly earnings by Welsh local areas and year (2022), Stats Wales <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Earnings/medianweeklyearnings-by-welshlocalareas-year>

<sup>7</sup> Based on typical usage under the Energy Price Guarantee <https://www.ofgem.gov.uk/information-consumers/energy-advice-households/check-if-energy-price-cap-affects-you>

## Percentage of clients by income profile



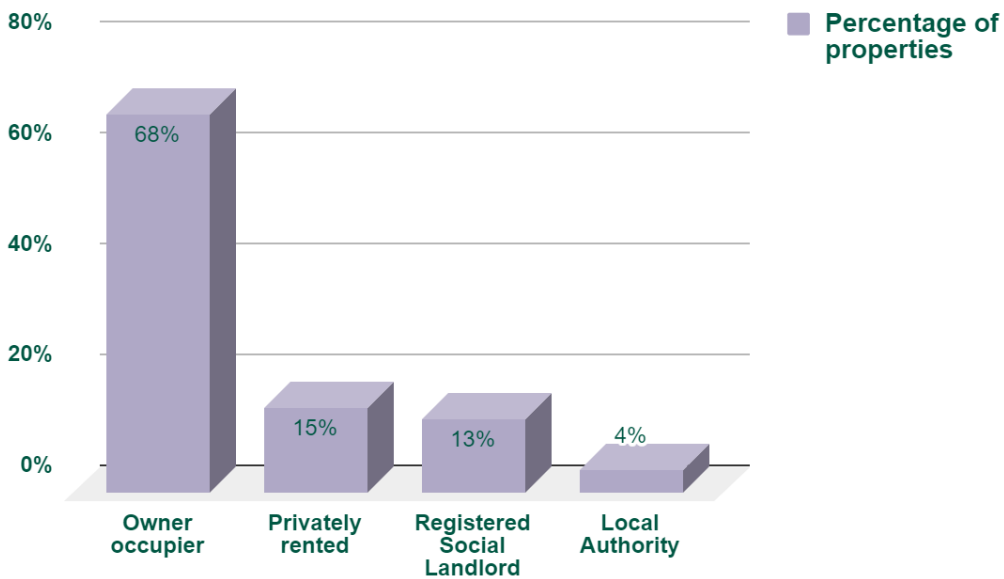
16% of the clients that used our service reported having a household income of less than £400 a month and 55% reported a monthly income of less than £1,000.

## Housing

A lack of affordable housing is one of the biggest challenges faced by many households in Wales. According to the latest estimates from Stats Wales, only 17% of the dwellings in South East Wales are owned by a Registered Social Landlord or Local Authority.<sup>8</sup>

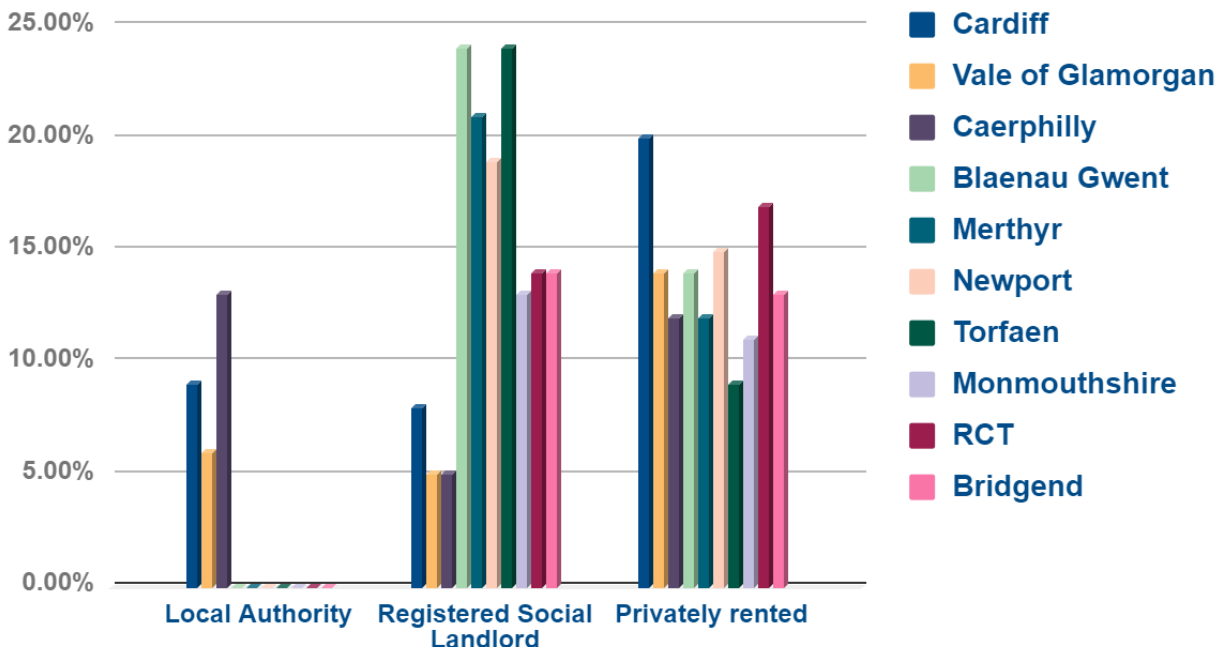
<sup>8</sup> Dwelling stock estimates percentages by year (2020), Stats Wales  
<https://statswales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimatespercentages-by-year-tenure>

## Dwelling stock estimates in South East Wales



Looking at a breakdown by Local Authority, it is clear that there are significant differences within this region. Out of the 10 Local Authority areas, 7 are estimated to have no housing stock owned by the Local Authority and 3 are estimated to have less than 10% of the housing stock owned by a Registered Social Landlord.<sup>9</sup>

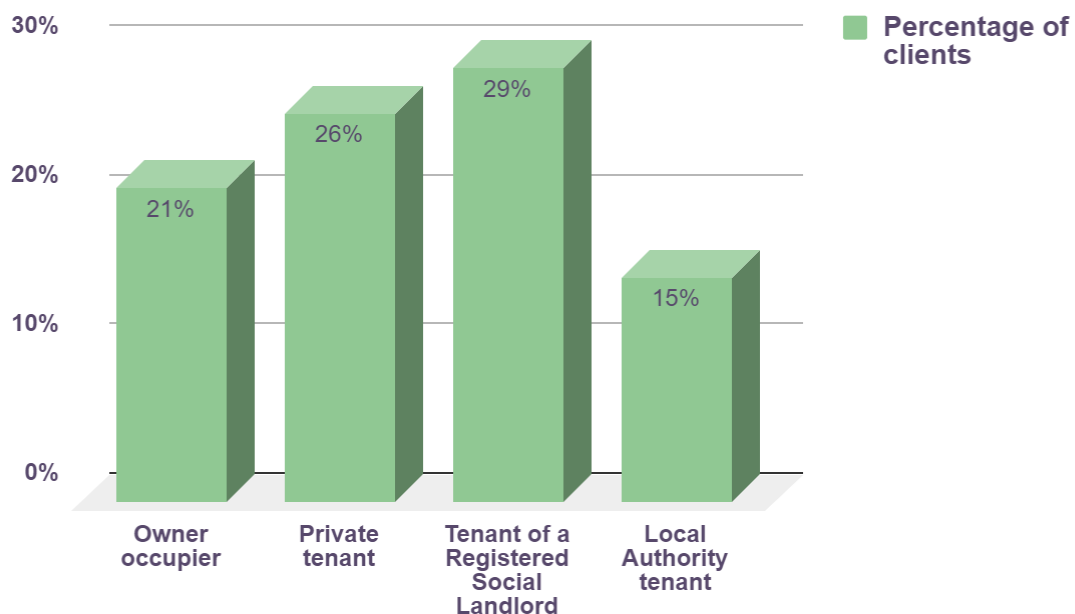
## Dwelling stock estimates by local authority



<sup>9</sup> Dwelling stock estimates by local authority and tenure (2020), Stats Wales <https://statswales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimates-by-localauthority-tenure>

In the period September to December 2022, CASEW recorded the following housing tenures for clients in South East Wales that used our services.

### Housing Tenure: CASEW clients September to December 2022



This indicates there is a higher proportion of private tenants that are seeking advice. In 2019 the average monthly rent in South East Wales for a 1 bedroom property was £436.15, with Cardiff having the highest average at £598.35.<sup>10</sup>

When comparing this against the gross weekly earnings reported in South East Wales, we can assume that the average single-person household could be spending 17% of their gross monthly earnings on rent for a one-bedroom property (estimated to be around 21% when using net figures). These figures also differ significantly depending upon the local authority area. As the latest statistics for average rent are from 2019, it is likely that this percentage is actually higher. This means there is limited flexibility in a monthly budget when accounting for the impact of the rate of inflation on utility bills and food prices. Households with a lower income face a greater challenge of affording their rent.

Using the current figures from Living Wage Foundation we can assume:

- A single-person household earning a Real Living Wage living in South East Wales could be spending approximately 19%-34% of their net monthly income on rent.

<sup>10</sup> Private sector rents by local authority, 1 January to 31 December 2019, Stats Wales <https://statswales.gov.wales/Download/File?fileId=408>

- A single-person household earning National Living Wage living<sup>11</sup> in South East Wales could be spending approximately 24%-44% of their net monthly income on rent.

Those that are on a low income and eligible can apply for support with housing costs, the rate of which is determined by the type of rent and the number of bedrooms for which they can claim.<sup>12</sup> Any shortfall between entitlement and rent must be covered by the individual. This includes where they are living in a property category that exceeds their entitlement e.g. a single person under the age of 35 is entitled to the 1 bedroom shared accommodation rate of Local Housing Allowance (private rental) but is living in a 1 bedroom flat.

### Local Housing Allowance (LHA) rates for 2022/2023 (private rental)

Local authority area	Local Housing Allowance rate (per week) (one bedroom)	Private sector rents 1 <sup>st</sup> January to 31 <sup>st</sup> December 2019 (one bedroom – calendar month average rent)	Approximate shortfall in monthly rent
Blaenau Gwent	£66.74	£362.02	£72.81
Bridgend	£89.75	£440.63	£51.71
Caerphilly	£79.40	£394.58	£50.52
Cardiff	£120.82	£598.35	£74.80
Merthyr Tydfil	£77.10	£394.13	£60.03
Monmouthshire	£95.51	£480.81	£29.95
Newport	£90.90	£443.83	£49.93

<sup>11</sup> The Living Wage Foundation <https://www.livingwage.org.uk/what-real-living-wage>

<sup>12</sup> If a person is under the age of 35, they are entitled to the 1 bedroom shared accommodation rate of Local Housing Allowance. If they are 35 or over they can claim for the number of bedrooms they are entitled to dependent upon their household composition.

Rhondda Cynon Taff	£77.10/ £75.00	£379.15	£45.05/ £54.15
Torfaen	£87.45	£415.48	£36.53
Vale of Glamorgan	£100.00	£488.53	£55.20

Local Housing Allowance rates apply to private rented accommodation, whereas those living in social housing and are eligible to claim support with housing costs are subject to the bedroom tax.<sup>13</sup>

What is evident when comparing LHA rates against average rent is that even where an individual is claiming the full amount<sup>14</sup> of LHA for the category of property for which they are entitled e.g. a single person aged 35 or over claiming for 1 bedroom accommodation, they could still be facing a shortfall (the highest monthly shortfalls in Cardiff £74.80 and Blaenau Gwent £72.81, with an average monthly shortfall of £53.11 for South East Wales)<sup>15</sup>. Considering this against the figures recorded by CASEW, that 16% of our clients had a monthly income of £400 or less, up to 20% of this could potentially be spent covering the difference between their entitlement and their rent. There is the option of claiming Discretionary Housing Payment to cover the shortfall in rent but this is not a long-term solution and is paid at the discretion of the local authority.

#### Recommendations

- A review of Local Housing Allowance rates in Wales to bring them in line with 2023 average rental costs in the local authority area.

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<sup>13</sup> If an individual is considered to be under-occupying a property and therefore deemed to have more bedrooms than required, they are subject to a cut in benefit, the rate of which is determined by how many additional bedrooms they have - 14% if under-occupying by one bedroom, 25% if under-occupying by 2 bedrooms.

<sup>14</sup> An individual may be entitled to a tapered amount where their income exceeds the minimum threshold.

<sup>15</sup> Rent costs are from 2019 so potentially this could be higher in 2022.

# Utilities

According to the latest Welsh Government figures, 14% of all households in Wales were living in fuel poverty in October 2021 and it is estimated that up to 45% of all households could be in fuel poverty following the price cap increase in April 2022.<sup>16</sup>

The energy price guarantee is a temporary measure replacing the energy price cap, which was introduced by the UK Government on the 1st of October 2022 to protect consumers from the increases in wholesale gas prices. It effectively reduces the unit cost of gas and electricity, which means that households with typical energy usage will pay approximately £2,500 a year on their energy bill until the 31st of March 2023, increasing to £3,000 a year up until 2024.<sup>17</sup> This means that those earning National Living Wage could be paying 13% of their gross annual income on energy, those on a Real Living Wage could be paying 12%, and based on the average weekly earnings for the South East Wales economic region (£606.80), the average single-person household could be paying 8%.

In the UK, the accepted definition of fuel poverty is that a household is paying 10% of its income towards energy bills. By that definition, a single-income household earning National or Real Living Wage, facing an annual bill of £2,500 would automatically be considered fuel poor. As the energy price guarantee is based on typical usage, this situation could be much worse.

# Food Poverty

Trussell Trust reported a 38% increase in the distribution of food parcels in Wales between April and September 2022, compared with the same period in 2021/2022<sup>18</sup>. According to the Trussell Trust's mid-year statistics, out of the 76,688 emergency parcels that were distributed in Wales between April and September 2022, 31% were provided in South East Wales, a total of 23,905.<sup>19</sup>

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<sup>16</sup> Fuel poverty modelled estimates for Wales (headline results): as at October 2021 (April 2022) Welsh Government

<https://www.gov.wales/fuel-poverty-modelled-estimates-wales-headline-results-october-2021-html>

<sup>17</sup> Energy price cap explained, Ofgem

<https://www.ofgem.gov.uk/energy-advice-households/check-if-energy-price-cap-affects-you>

<sup>18</sup> Emergency food parcel distribution in Wales: April-September 2022 (2022), Trussell Trust

<https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/11/MYS-Nation-and-Regional-briefing-Wales.pdf>

<sup>19</sup> Trussell Trust Mid-Year Statistics 2022-2023 (2022), Trussell Trust

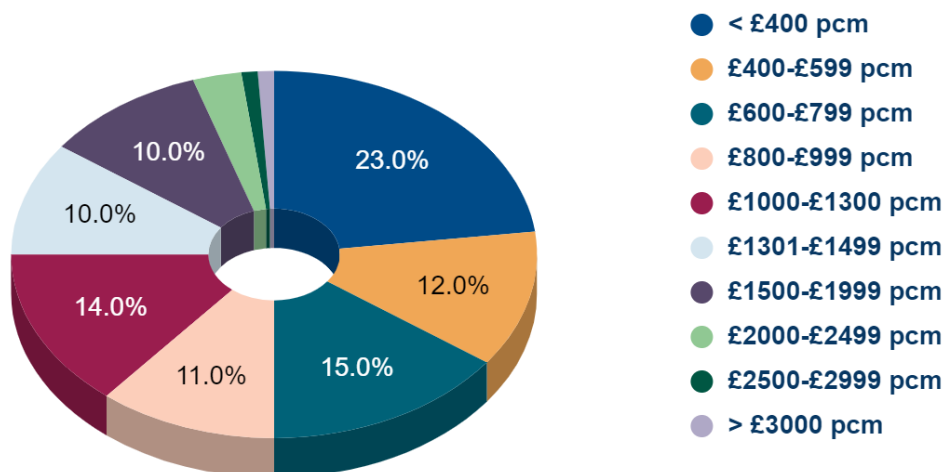
<https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/11/Trussell-Trust-Mid-Year-Statistics-2022-23.xlsx>

Between April and December 2022, CASEW recorded handling 14,769 issues relating to food poverty and food bank support. The peak was in May 2022, when 1,640 people used CASEW services to get an emergency food parcel. There was a significant decline in June and July, which correlates with the first cost of living payments. Although, there was a sharp increase of 17% in August. The Trussell Trust note in their Mid-Year Statistics Report that record levels of emergency food parcels were distributed in August and September 2022, explaining that whilst the cost of living payments offered an initial respite, it was not enough to cover an extended period of time.<sup>20</sup>

In their State of Hunger Report published in May 2021, the Trussell Trust cite destitution as the driver for food insecurity.<sup>21</sup> What leads people to face destitution is an insufficient income to meet their essential needs. The financial challenges faced by those living on low incomes have only been exacerbated by the Cost of Living Crisis and extended to more working households. The Trussell Trust noted that one in five food bank users surveyed were from working households.<sup>22</sup>

Below is a breakdown by income profile of the clients that sought advice from CASEW for an emergency food parcel between September and December 2022.

### Percentage of clients requiring emergency food parcels by income profile



<sup>20</sup> Emergency food parcel distribution in Wales: April-September 2022 (2022), Trussell Trust <https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/11/MYS-Nation-and-Regional-briefing-Wales.pdf>

<sup>21</sup> State of Hunger - Building the evidence on poverty, destitution and food insecurity in the UK (May 2021) Trussell Trust <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/05/State-of-Hunger-2021-Report-Final.pdf>

<sup>22</sup> Emergency food parcel distribution in Wales: April-September 2022 (2022), Trussell Trust <https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/11/MYS-Nation-and-Regional-briefing-Wales.pdf>

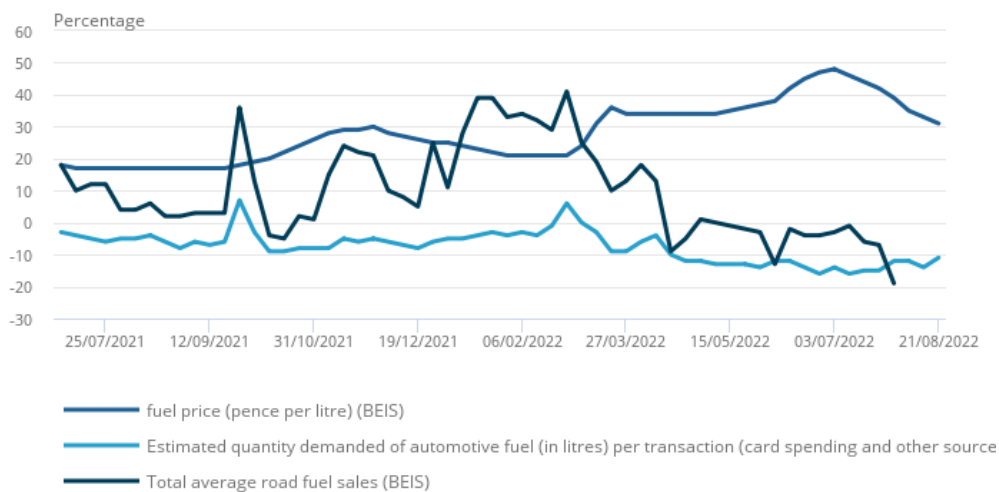
Whilst the largest single group was clients that reported an income profile of less than £400 per calendar month, 34% reported an income of £1,000-£1,999, which could include anyone working full-time (37 hours a week) and earning National Living Wage or Real Living Wage.

## Transport

In addition to rising costs of food, energy and other essentials, the public has been faced with increases in petrol and diesel prices. Research published by the Office for National Statistics found that whilst fuel prices peaked in July 2022, 48% higher than the previous year, consumers reduced their fuel demand per transaction by 16%.<sup>23</sup>

Figure 1: Estimated quantity demanded of automotive fuel per transaction year-on-year growth is at minus 11%, remaining below the long-term average

Year-on-year growth in average fuel prices and estimated quantity demanded per fuel transactions, UK, 4 July 2021 to 21 August 2022



Source: Office for National Statistics – Aggregated anonymised Visa transaction data, ONS calculation, Department for Business, Energy and Industrial Strategy – Road fuel price statistics, Department for Business, Energy and Industrial Strategy – Experimental statistics on average road fuel sales and stock levels

The increase in petrol and diesel prices, coupled with the Cost of Living Crisis has left some individuals struggling to afford fuel to commute to work.

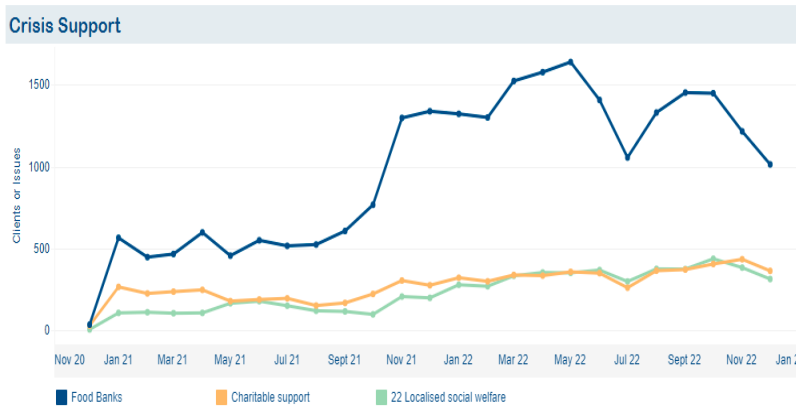
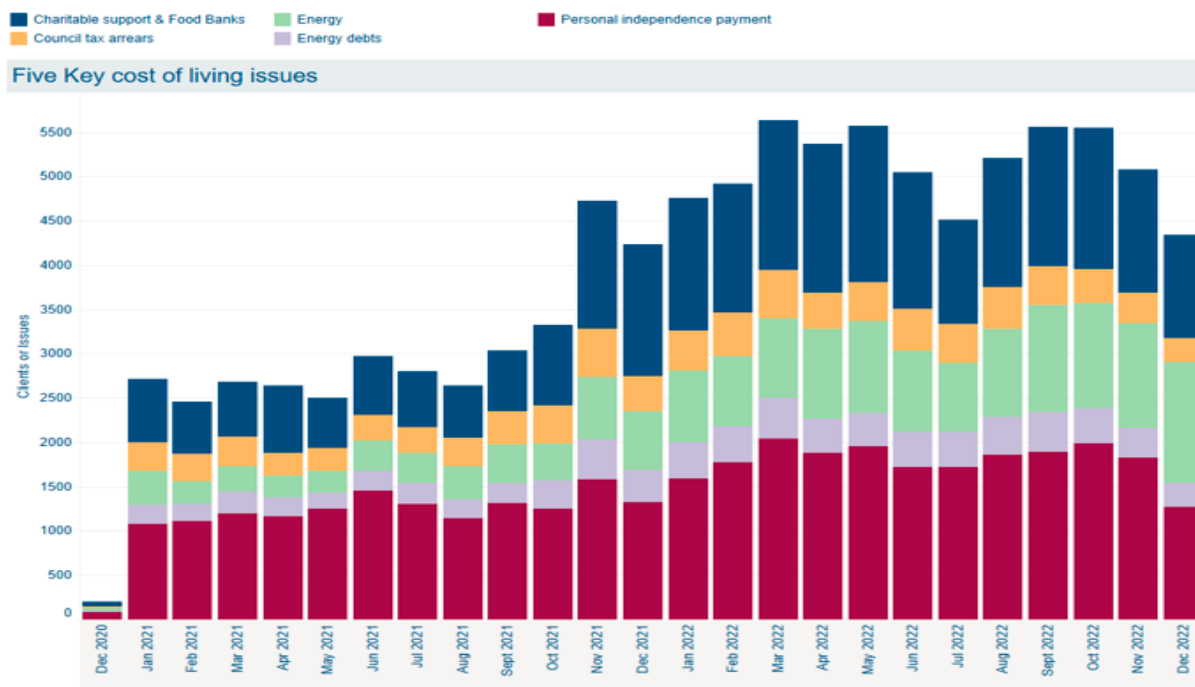
<sup>23</sup> Behavioural impacts of rising automotive fuel prices on consumer fuel demand, UK: July 2021 to August 2022 (September 2022), The Office for National Statistics <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/behaviouralimpacts-of-rising-automotive-fuel-prices-on-consumer-fuel-demand-uk-july-2021-to-august-2022/2022-09-02>

# Advice Needs Analysis

## Charitable support and Foodbanks

Over the last two years, we have seen significant changes in advice needs, with more of our clients accessing our service for crisis support than ever before. We are seeing thousands more advice issues<sup>24</sup> now, compared to two years ago, particularly in relation to charitable support and Foodbanks, which has seen an increase of 1,500% since December 2020.

The current Cost of Living crisis has left individuals and families with such little income, that their only support mechanism is crisis support, mainly in the form of Foodbank vouchers.



The increasing cost of food alongside other rising costs is pushing more people towards Foodbanks. The £20 a week uplift to Universal Credit was lost at a time when low-income households could not afford a reduction in benefits.

<sup>24</sup> Advice issue codes are recorded on our case recording system when creating a client enquiry. This may not be the presenting issue when a client initially approaches us for advice but it is identified during the course of the advice provision that the client would benefit from advice on this.

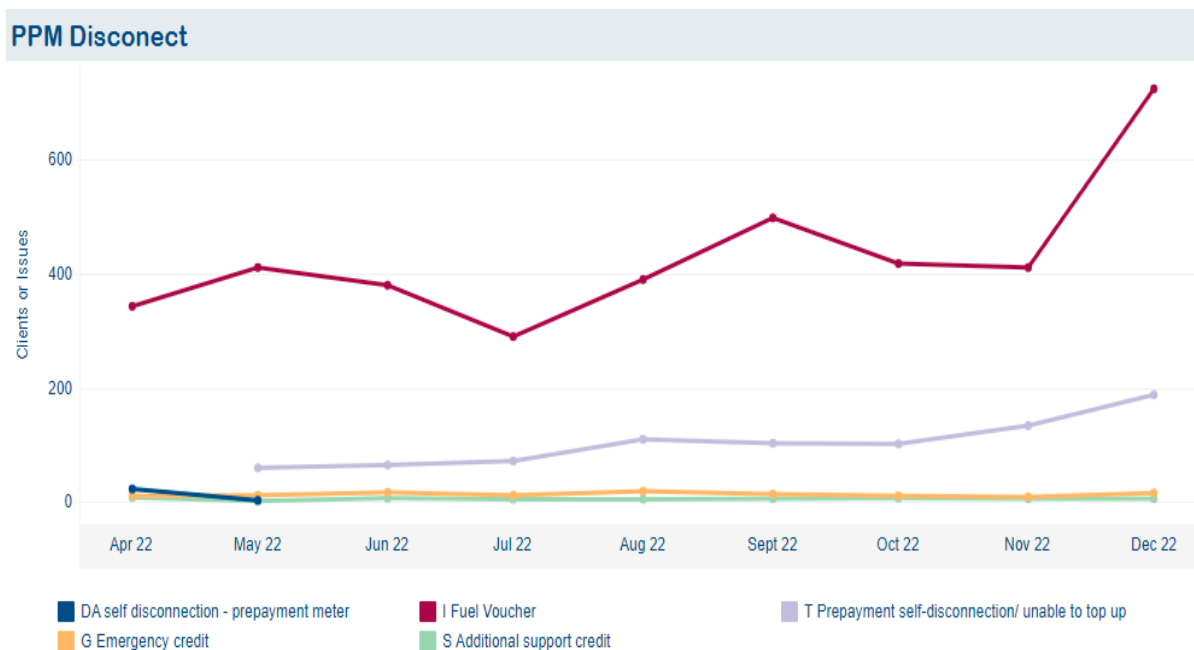
## Recommendations

- The £20 a week uplift should be reinstated to ease the financial pressures caused by the Cost of Living Crisis.

## Energy and Self-disconnection

'Self-disconnection' is defined as an interruption to electricity or gas supply by consumers using pre-payment meters (PPMs) because of a lack of credit on the meter or account.

An associated issue is 'self-rationing', where customers limit either energy use to save money or restrict spending in other areas to ensure sufficient funds are available to keep the prepayment meter topped up. Self-disconnection and self-rationing can have significant consequences for the health and well-being of consumers.



Unfortunately, since April 2022, we have seen a rise in the number of clients who are self-disconnecting (around a 300% increase) and those requesting a fuel bank voucher in an attempt to manage their crisis (around a 115% increase).

We draw a correlation between this data and the increased number of those needing crisis support. Increasingly we are having conversations with clients who are already concerned about how they will afford their bills as the Cost of Living crisis starts to deepen. Clients are telling us they just cannot afford to live.

We predict that in January 2023, a month where finances are typically tight for many, some prepayment customers will need to find an estimated **£360** a month for their energy or risk being cut off.

There is a concern that the consequences of enforcement action and, in particular, the imposing of a prepayment meter to collect energy bill arrears, will lead to a spike

in the already worrying rise in the number of people self-disconnecting.

There have been a number of financial support schemes announced that will automatically be applied to eligible households in Wales.

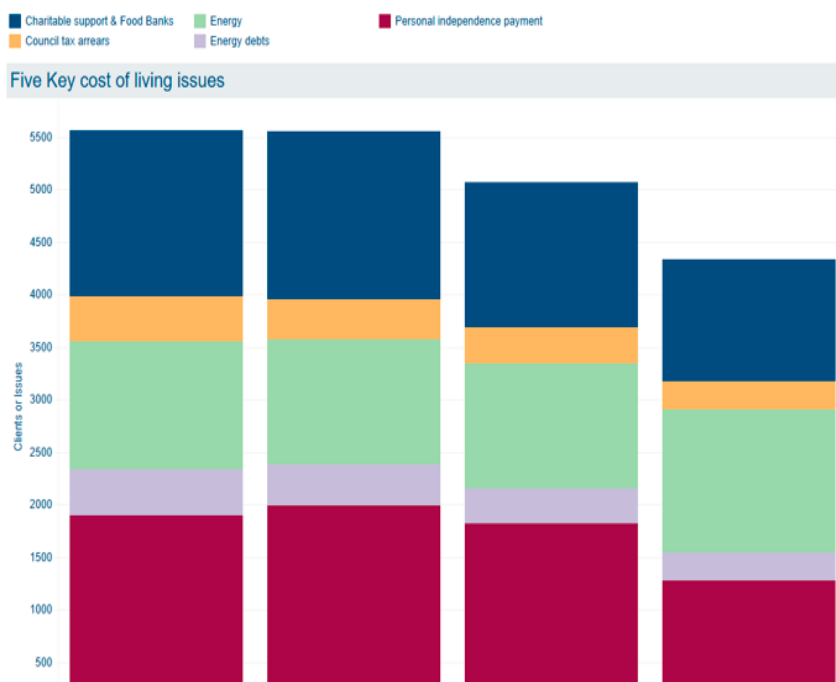
### Recommendations

- Local Authorities and Welsh Government should work closely with advice providers such as CASEW to help low-income households who are not eligible for support identify other ways to maximise their income.

## Advice Trends

From September to December 2022, although we have seen a slight decrease in the number of charitable support and Foodbank advice issues we have recorded, we have seen an overall increase in energy advice issues.

With the welcomed support schemes being put in place by the Government, we tend to see a dip in crisis support issues for a short period of time when these payments are issued - such as the Cost of Living payment.



However, regardless of these support payments, our clients are still concerned about their rising energy costs; and after just a short period of relief, crisis sets back in.

\* September to December 2022 data

# Whitney's Story

Whitney is a single parent who lives in a council property with her 3-year-old child. Whitney sought help from us after building up rent arrears, energy debts and catalogue debts. With the rise in living costs, she has also been struggling to manage month-to-month. Whitney works 8 hours per week and receives Universal Credit. Whitney's rent is £542 per month, but her Universal Credit housing element only covers £510.95 per month. She has been unable to make up this shortfall, leading to her rent arrears. Whitney has received two Cost of Living Payments which she has used to make emergency repairs to her property. She has therefore struggled to pay her energy bills and keep warm.

Whitney's adviser helped her to make a successful application to the Heat Fund which resulted in an award of the equivalent of £500 in fuel. We helped Whitney to contact her energy provider and helped to put her on the Priority Services Register. Whitney is also eligible for the Warm Home Discount Scheme, a £150 direct payment during winter, and a £200 payment from the Winter Fuel Support Scheme, which we assisted her with.

We also helped Whitney to make a Discretionary Assistance Fund application to help her buy a fridge freezer and a Discretionary Housing Payment to cover her ongoing rent liability.

As a result of the advice provided, Whitney has secured an additional £1,800 in financial support which has had a significant impact on her health and well-being.



# Alison's Story

Alison lives with her husband, Ed, in a mortgaged property. Alison approached us for help because she had been struggling to manage the increase in daily living costs. Heating her home had become a struggle.

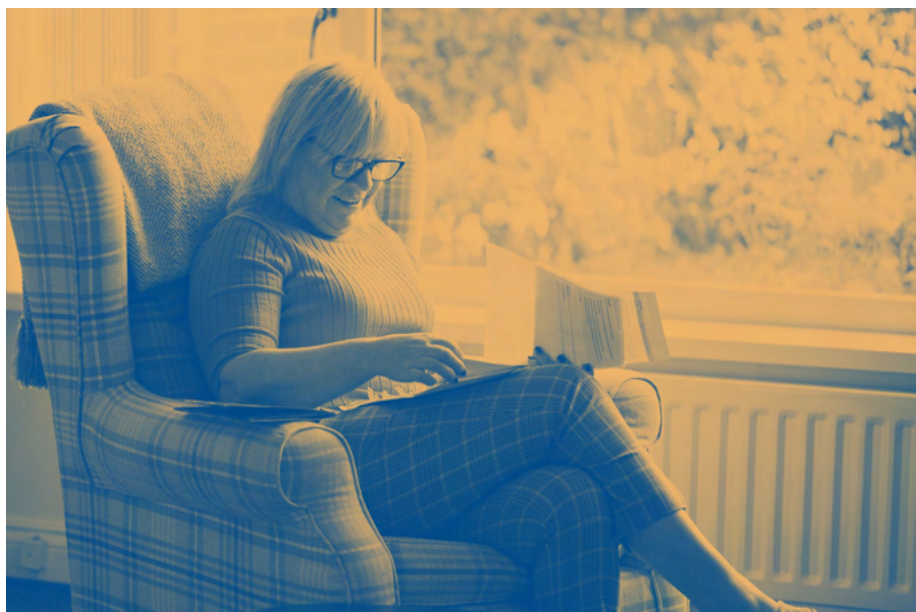
Alison lives with Motor Neurone Disease, which significantly reduces her mobility. She receives Personal Independence Payment with an enhanced rate of payment awarded and has accessed the Motability scheme to obtain a wheelchair-accessible vehicle. Alison is unable to work due to her condition and Ed is now her full-time carer. This has had a significant impact on their household income.

Our adviser completed a benefit check for Alison and identified that the couple would be eligible for Universal Credit, giving them an income of £1048.81 per month including extra support for disability, care and housing costs. A successful claim would also entitle them to the UK Government's cost of living payment.

Our adviser also advised Alison that she would be eligible for Council Tax Reduction of £25.26 per week and that she could apply for Disability Band Reduction as she uses a wheelchair indoors.

Alison would also be eligible for VAT relief on items or services bought to support the needs of her health condition going forward. She could claim annual charitable grants from MNDA in order to support rising costs, including an emergency grant of £250.

As a result of our advice, Alison now knows what extra support is available. This has helped her manage household costs and reduced her stress and anxiety.



# Peter's Story

Peter lives with his partner and three children in a privately rented property. He is self-employed, but they also receive a top-up of their income from Universal Credit.

Peter contacted us for help with a £1,300 debt owed to British Gas, explaining that the family were struggling with the cost of living and was worried about how he would pay the outstanding amount. When he spoke to his supplier, they advised him that he might qualify for the British Gas Energy Trust if he sought debt advice.

Peter's adviser was able to identify a range of support available to him and his family that he was not currently accessing. This included a successful application to the Heat Fund, resulting in an award of the equivalent of £500 in fuel. His adviser also assisted with an application for the Discretionary Assistance Fund and advice on the Cost of Living Payments, which resulted in an additional £324 in financial support.

Peter was also advised on his eligibility for the Warm Home Discount Scheme, receiving a £150 direct payment during winter and the Winter Fuel Support Scheme, receiving a £200 payment to help with the cost of fuel. He was also advised that he could apply to the NEST Scheme to help improve his home's energy efficiency.

As a result of the advice provided, Peter and his family could secure an additional £1,124 in additional financial support. He is awaiting the outcome of the British Gas Energy Trust application, which we expect will be successful and write off the outstanding debt.



# Policy Issues

Through the provision of advice services, we have a good understanding of the problems people face, helping us to identify emerging problems and policy issues. Outlined below are some of the arising trends we are seeing in South East Wales.

## **Fuel vouchers**

We have seen an increasing number of clients accessing our service for fuel vouchers and many have already exhausted the three emergency vouchers that they can request. Often clients are telling us that the fuel voucher is only clearing their emergency credit arrears and as a result, they are still unable to meet the cost of their current usage resulting in them falling into arrears or self-disconnecting.

## **Self-disconnection**

Anyone on an energy prepayment meter is at risk of self-disconnection if they are unable to credit their meter. Often our most vulnerable clients are on prepayment meters, sometimes because a supplier has moved them to one where they have previously fallen into arrears. Therefore, they are at most risk of being unable to credit their meter and go without a supply.

## **Delays to the cost of living payments**

Clients have been approaching us when there has been a delay in receiving the cost of living payments. The advice is that they report the issue online. This is something they can only do once. They receive no receipt that the issue has been logged and no update as to when they can expect a resolution. Clients are left in limbo, unsure as to when they can expect to receive payment.

## **Consumers choosing not to renew essential insurance**

Some initial research suggests that consumers are choosing not to renew essential insurance, such as car or home insurance. This is not necessarily because they no longer need it, but may be an attempt to reduce their expenditure.

## **Difficulties getting hold of energy suppliers**

More clients are reporting that they are experiencing difficulties getting hold of their energy supplier, with many waiting hours on hold to speak with someone only to be disconnected. Clients are also reporting that they have been advised incorrectly by their energy supplier in relation to the Energy Bills Support Scheme and are unable to progress their payment. Some energy companies' customer service teams have

become apathetic and refuse to send engineers out to fix meters even if it means clients will be disconnected from their supply as a result.

### **Discretionary Assistance Fund**

Existing support measures such as the £50 payment from a DAF EAP are not lasting long for clients. As a result, people are quickly using up the full allowance of DAF awards and then there are very few, if any, support options remaining. We are seeing this becoming more common for people that were financially stable but their existing income no longer meets outgoings due to inflation.

### **The cost of travel**

More clients have been unable to cover the travel costs to travel to work or to a job interview resulting in unemployment and/or missed employment opportunities.

### **Impact on mental health**

We have seen an increase in the amount of clients who are suffering from poor mental health as a result of the Cost of Living Crisis and an inability to access mental health services because of demand.

### **The Energy Bills Support Scheme**

The Energy Bills Support Scheme payments are causing difficulties for some prepayment meter customers. If the client does not have a smart meter, paper monetary vouchers are issued to them instead to redeem at a paypoint. However, some clients are reporting back to us that they are not receiving the vouchers. This could be due to mail errors, and even the Royal Mail strikes. If the client does have a smart meter, sometimes the signal can get blocked and therefore, again, paper vouchers need to be posted. Most of our vulnerable clients have PPMs, and therefore this issue is disproportionately affecting them.

*Gerard came to us because he had not received his energy bills support scheme payment. Gerard is married with dependant children. Gerard cares for his disabled son. Their house is damp and mouldy. Gerard's energy supply is with Scottish Power. Scottish Power had not yet credited his prepayment meter, meaning Gerard could not heat his home for his family. Our energy adviser called Scottish Power. Because Gerard has a smart meter, our adviser was able to request that the payment be sent again via the smart meter straight away. This allowed Gerard to go home and turn his heating on. Gerard was also referred to NEST for energy efficiency improvements. He was so grateful and said that being able to turn his heating on was like a weight lifted off his shoulders.*

### **Older people are disproportionately affected by rising energy costs**

We have seen a 30% increase in people of retirement age accessing our services across CASEW September to December 2022 in comparison to the same period in 2021. Our pension age clients are telling us that they have been fearing the winter months. They are fearful of being so cold within their own homes that their health will deteriorate. Some have even told us that they are fearful of dying.

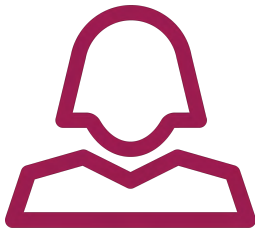
*Beryl came to us after being referred by MIND. Beryl was fearful of not getting through the winter due to not being able to afford her heating bill. She told us that she was going to*

*bed at 7pm every night because she was so cold. This was contributing to her loneliness and isolation, making Beryl feel even worse. We completed a benefit check for Beryl and established that she was entitled to Pension Credit of £73 per week and full council tax reduction. Beryl was so thankful for our time and couldn't complement the service enough. Beryl said "I can start living again, not just surviving".*

# The Impact of our Advice

## September to December 2022, at a glance...

We are seeing the Cost of Living crisis deepen as we enter into 2023, leaving the most vulnerable people in our communities at crisis point. We are seeing clients in hardship daily, leaving our staff working tirelessly to try to help.



Over **50,000 clients** have been seen by CASEW



CASEW helped increase our clients' income by over **£25 million**



Nearly **£2.5 million** of debts have been managed by CASEW



Over **197,000 issues** have been dealt with by CASEW

# Conclusion

Increasing global gas price rises have pushed over 30 energy suppliers to insolvency<sup>25</sup> which has led to further destabilisation of the energy market. As a result, the Energy Price Guarantee was introduced to ensure that a typical dual fuel direct debit remains at £2,500, increasing to £3,000 in April 2023. This is at a time when annual inflation reached its highest point in 30 years.

Our research found that this along with other rising costs, such as food, interest rates and petrol prices is causing more financial strain. Citizens Advice South East Wales has seen continued upward trends of those seeking advice on energy and charitable support including foodbank and fuel vouchers. We have also seen a 30% increase in those of retirement age accessing our services.

Increasing financial pressures will only continue to push households on a lower income into destitution and we are likely to see an increase in those reporting in-work poverty because the cost of living is exceeding average salaries. Even with the Energy Price Guarantee, those on National or Real Living Wage are facing fuel poverty, with some of our most vulnerable clients experiencing self-disconnection due to an inability to add credit to their meters.

## Actions we will take as an organisation

Citizens Advice South East Wales will continue to review the impact of the Cost of Living Crisis on our clients in the next 12 months to identify further recommendations. With interest rates rising, we anticipate that there will be further financial challenges ahead for clients who face increases to their mortgage and loans. CASEW will also seek to meet with Welsh Government and the WLGA to discuss how we can work with them to support clients further during the Cost of Living Crisis.

The work we have undertaken:

- CASEW provides the Claim What's Yours project under Advicelink Cymru, to provide income maximisation advice to households across Wales. We will continue to promote this with key partners to ensure that people can access the advice that they need.

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<sup>25</sup> Review of Ofgem's regulation of the energy market (May 2022) Oxera (Independent review commissioned by Ofgem's Board)  
[https://www.ofgem.gov.uk/sites/default/files/2022-05/Review%20of%20Ofgems%20regulation%20of%20the%20energy%20supply%20market\\_May%202022.pdf](https://www.ofgem.gov.uk/sites/default/files/2022-05/Review%20of%20Ofgems%20regulation%20of%20the%20energy%20supply%20market_May%202022.pdf)

- Our Energy Advice programmes provide advice appointments to fuel poor and vulnerable clients who are struggling to pay their bills, could benefit from cheaper energy tariffs and need guidance on the most appropriate payment methods or information on how to access help from energy suppliers and the Government.

# We are here to help

Citizens Advice South East Wales offer a range of advice services across the region as well as the whole Wales.



We can identify ways to maximise household incomes, whilst supporting individuals to claim

the

benefits they are entitled to, manage debts and understand ways to save money on energy. We provide a holistic service which means that clients will not only receive advice on the issue presented, but we will also consider other overlapping issues that they may need help with. For example, if they have been unfairly dismissed by their employer or they are having problems with their landlord.

Our services are offered by telephone, digital channels and face-to-face in a range of venues across South East Wales.



## Advicelink Cymru

Welsh Government **Single Advice Fund** funding ensures we provide generalist and specialist advice across South East Wales and pan-Wales. We can offer advice on debt, benefits, housing and employment matters.

**Advicelink Cymru is available Monday to Friday 9am to 5pm**



**0800 702 2020**

## Claim What's Yours

Households in Wales face financial hardship due to the Cost of Living Crisis. Many people are unaware they may be entitled to benefits that could offer them the support they need. The Claim What's Yours team are available to help identify what financial support is available to people in Wales.

**Our helpline is open Monday to Friday 9am to 5pm**



**0808 250 5700**

## Private Rented Sector Debt Helpline

Our **Private Rented Sector Debt Helpline** enables us to provide debt, budgeting and income maximisation advice to tenants living in private rented accommodation. This confidential service helps them pay their rent and sustain their tenancies.

**Individuals needing advice can contact us Monday to Friday 9am to 5pm**



**0808 278 7920**

# Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



**Citizens Advice South East Wales**

**[www.casew.cymru](http://www.casew.cymru)**

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