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**Community
Housing
Cymru**

Cost of Living Report

Early June 2024

A deepening crisis: the cost of living crisis isn't over for social tenants in Wales

The cost of living crisis isn't over for social tenants in Wales

Our central **welfare system is failing** and vulnerable people, including social housing tenants, are falling through the gaps in its insufficient safety net.

Across the UK, the struggle for families and individuals continues as the cost of living crisis persists. Nearly 5 million people are in a **negative budget**, including 1 in 4 households receiving Universal Credit¹. A negative budget means that someone's weekly expenses exceed their income and someone has to borrow money to simply afford the essentials.

In Wales, people continue to weather the impact of high costs, low incomes and years of struggling to make ends meet. People in receipt of benefits in Wales are five times more likely to report that they sometimes, often or always **struggle to afford the basics** as the general population².

Social housing tenants are amongst those who are **most affected** by these continued challenges. As many are on a low income, a large part of their money already goes towards the cost of simply running their homes. ONS data shows that households with a low income experience a higher than average inflation rate³. Our research demonstrates that more tenants are turning to their housing associations for help and a way to escape their persistent financial hardship.

Housing associations often provide the last resort for struggling tenants and they have been doing all they can to **pick up the pieces** and support people, many of whom are already claiming their maximum entitlements.

“Housing officers and tenants have often been left wondering how this could possibly be enough to survive on.”

¹ [The National Red Index: how to turn the tide on falling living standards – Citizens Advice](#)

² [A snapshot of poverty in winter 2023 – Bevan Foundation](#)

³ [Provisional CPIH and CPI-consistent inflation rate estimates for UK household groups: January to September 2023 – Office for National Statistics](#)



→ We need **urgent action and intervention** from the next UK Government to ensure that the welfare system provides a robust safety net for those that desperately need it.

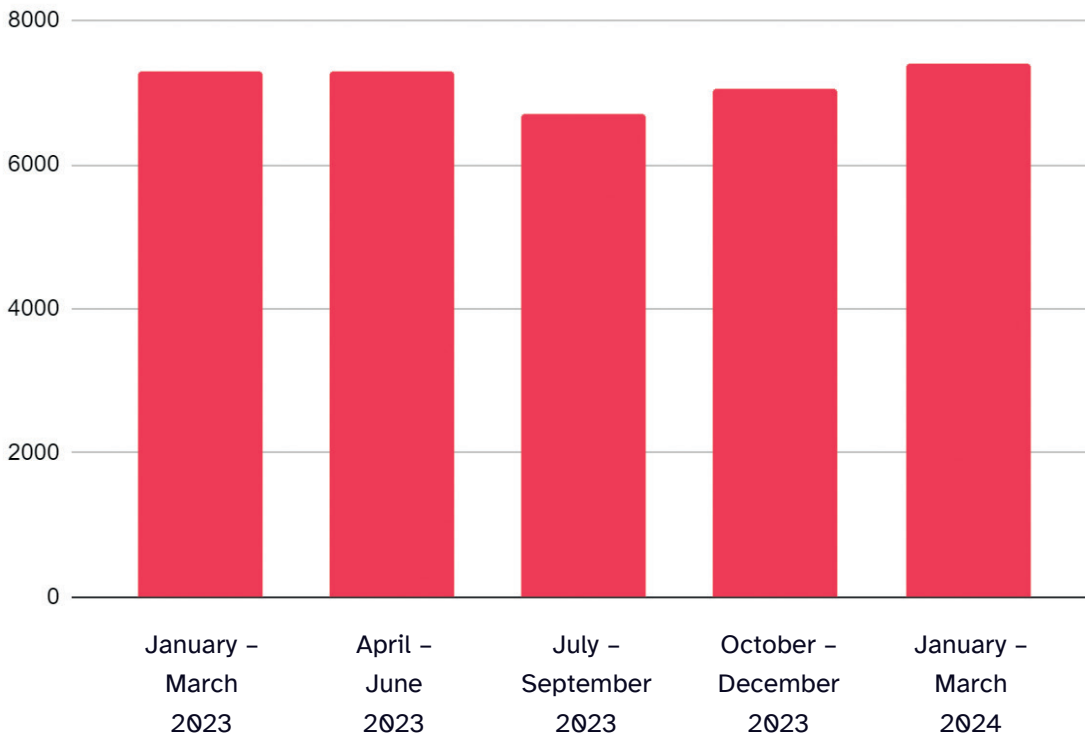
Research findings

The demand for financial support isn't slowing and those that are most at risk of experiencing financial hardship are in receipt of benefits

The number of tenants reaching out to housing associations for support is steadily increasing. Between January–March 2024, **7,401** tenants received support from housing associations, this is **an increase of 110 tenants** from the same time period last year.

Since January 2023 housing associations have supported over **35,000 tenants**, which is **21%** of the tenants they provide homes for.

Graph 1: A bar graph showing the number of tenants who received financial support in each quarter



The costs of basic essentials remain high despite annual inflation rate falling to 2.3% for April 2024 after reaching 11.1% in October 2022, which was a **41 year high**⁴. Over the last two years **food prices have risen by 22.5%**, this is the same increase as the previous twelve years prior⁵.

From 2022 to 2025 the benefit cap, the maximum entitlement couples or families can receive, has only risen by £2,000 (10.1%).

Year	2022/23	2023/24	2024/25
Annual benefit cap (outside of london) Couples with or without children	20,000	22,020	22,020

The cost of living crisis has highlighted the inadequacy of Universal Credit in supporting people to pay for basic essentials. Our research found that those who are most likely to need financial support are households who:

- are receipt of Universal Credit;
- have one or more person(s) that has a long-term disability or;
- have an unsteady income.

“Working age customers in receipt of Universal Credit with an unsteady income continue to dominate the referrals received by our Money Matters Team. This may be attributable to the fact that they did not receive the same levels of cost of living support as those in pension-age households.”

Anecdotally, our housing association members have told us that they are seeing an increase in the number of PIP assessments and work capability assessments. These can often be distressing for tenants and many housing associations will provide intensive support to tenants through their benefit claim.

⁴ [Rising cost of living in the UK – House of Commons Library \(parliament.uk\)](https://parliament.uk)

⁵ [Rising cost of living in the UK – House of Commons Library \(parliament.uk\)](https://parliament.uk)



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“We do support a lot of tenants with long term illness/disability and we have seen an increase in referrals for help with benefit forms – in particular PIP forms, as claimants are reviewed frequently and need help with this.”

We are becoming **increasingly concerned** about the impact of the Migration to UC programme for tenants who are already experiencing significant hardship as a result of the worsening cost of living crisis. Some of the issues that most concern our members are around the erosion of transitional protection, the migration of vulnerable tenants groups like ESA and Income Support claimants, and the continued need for local provision and Welsh benefits to plug the gap in the central benefit system. **These themes will be further discussed and explored in our next cost of living report.**

Housing associations are well placed to help local authorities and the DWP with the process of migration and we urge the incoming government to prioritise creating better data sharing processes for trusted partners to help ensure that no one falls through safety nets as migration continues.

On top of this, our data demonstrates that **no one is safe** from rising costs and people who are in work are also struggling to make ends meet. 29% of housing associations are seeing an increase in referrals for financial assistance from households with one or more person(s) in work. Across the UK, 8.1m working age adults live in poverty.⁶

“This is across the board. However the most difficult household type to support are those in work, as there is very little support available to this demographic.”

Housing associations are doing all they can, but they are reaching the limits of what they can do to help

17 housing associations maximised tenants income by **over £17.4m** between July 2023 and March 2024. This is compared to **over £9m** across 14 housing associations between January to June 2023. This shows that housing associations are well placed to deliver this type of financial support and are achieving life-changing outcomes for people (as demonstrated by case study one

⁶ [UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation \(jrf.org.uk\)](https://www.jrf.org.uk/uk-poverty-2024)

further into this report). Despite this, housing association staff report that it is more difficult than ever to maximise people’s income.

“Find myself increasingly saying that there is no more money – and people’s response being **how am I meant to survive on that.**”

Because of the inadequacy of the social security system, many housing associations have created hardship funds. These are allocated funds housing officers can use at their discretion to help tenants in need.

Each year, more housing associations are creating hardship funds. For 2024/25 **95% of housing associations** (20 out of 21 who responded) are offering a lifeline for tenants in financial crisis in the form of a hardship fund.

Year	2021/22	2022/23	2023/24	2024/25
Percentage of housing associations surveyed with a hardship	69%	81%	86%	95%
Amount of hardship available (£)	402,292	424,389	1.3m	1.6m

NB: Number of housing associations who responded to the survey varied each year from between 16–24, and so % is based on the total number of respondents not the total number of housing associations in Wales.

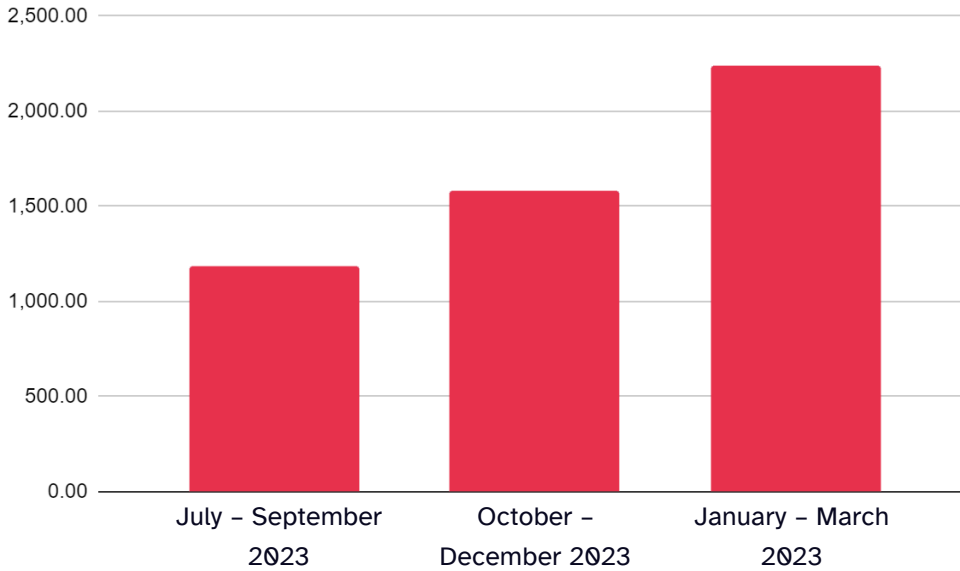
In total for this financial year housing associations in Wales will provide access to **over £1.6m** in hardship funds.

Last year (2023/24), housing associations used over £1.3m of their hardship funds to help tenants in desperate need and when all other routes to support had failed. Some associations had to allocate additional resources to the fund after the initial fund ran out.

More than **5,000 tenants** accessed this vital support between July 2023 and March 2024 and the number of referrals is increasing.

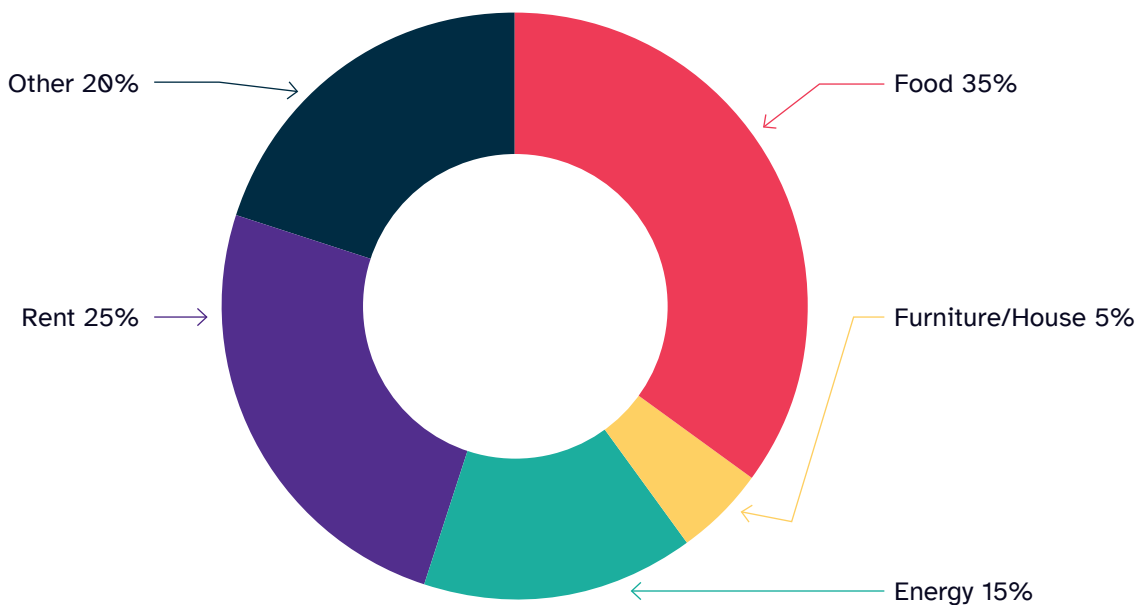


→ **Graph 2: The number of tenants accessing the hardship fund in 2023/24**



From January 2023 until March 2024, housing associations told us that one of the most common reasons they use their hardship funds is to help households who can not afford to eat.

Chart 1: A pie chart showing the top reasons housing associations use their hardship fund



For the majority of social housing tenants, their housing costs are covered by Universal Credit. They will receive a housing payment each month from Universal Credit which they will need to pay to their landlord. The increasing financial strain placed on households means that tenants are having to make difficult choices between eating, heating their home and paying their rent. For some tenants in the most difficult circumstances, their allocated housing payment is instead being used to pay for these essential needs as they struggle to pay for the increasing costs of food and energy.

This trend and increased reliance on housing hardship funds **is not sustainable**. We need urgent fundamental changes to the benefits system to ensure that people have enough money to afford the basics.

The current benefits system is failing to protect those who are struggling to make ends meet

More than 50% of housing associations told us that they had seen an increase in the number of referrals for financial assistance from those in receipt of Universal Credit. The welfare system is pushing people **towards crisis**. Housing associations are responding by issuing foodbank vouchers and providing energy support.

Between July 2023 and March 2024, associations:

- issued 2,685 foodbank vouchers to tenants. The Trussell Trust highlights that an insufficient welfare system is the main driver of food bank need and over 1.5m people used a food bank in 2023.⁷
- provided energy advice to 2045 tenants who were struggling to afford to heat their homes. National Energy Action has estimated that the number of households in fuel poverty is 6.5m.⁸

Alongside these crisis interventions, housing associations are putting long-term projects in place to increase the financial resiliency of tenants, including cooking workshops, improving the energy efficiency of homes, and supporting tenants to reach their employability goals.

We know that crisis support is important and will remain an essential part of our welfare system until there are fundamental reforms. Currently, we have specific Welsh Benefits that should be reserved for helping people in acute hardship and financial difficulty. This includes the Discretionary Assistance Fund (DAF) and Discretionary Housing Payments (DHP).

⁷ [Guarantee our Essentials: reforming Universal Credit to ensure we can all afford the essentials in hard times | Joseph Rowntree Foundation \(jrf.org.uk\)](#)

⁸ [Fuel poverty in the UK – House of Commons Library \(parliament.uk\)](#)



→ We know that too often these funds are being used long-term to cover the shortfall between actual rent and housing benefit due to the spare room subsidy. 71% of housing associations told us that the main reason they applied for Discretionary Housing Payments was to cover this cost.

We are currently undertaking more detailed research into DAFs and DHPs, as well as a wider review with our members on Welsh benefits and should be able to share our full findings towards the end of the summer in our next cost of living report.

Recommendations

The situation we have at present can not continue and we need an urgent review by the incoming UK Government to understand how we can work collectively to create a society where everyone can afford to live well at home.

We need a more coherent approach between Westminster and Welsh Government policy to ensure that people do not fall between the gaps. **This means:**

- **A holistic approach to welfare support that prevents homelessness and supports access to the rental market.** A review of local housing allowance (LHA) is necessary to ensure that rates and policies support access to private rental sector accommodation for low-income households. We call on the UK Government to permanently end the freeze on LHA rates so that they remain at least the 30th percentile of local rents.
- **A reform of Universal Credit to ensure that claimants can pay for basic essentials as a minimum.** Community Housing Cymru is a named supporter of the Essentials Guarantee campaign launched by the Trussell Trust and Joseph Rowntree Foundation.
- **Improvements to the Universal Credit system for both claimants and housing associations.** Reviewing the five-week waiting period, fairer deductions, and removing penalties such as the two-child limit and spare room subsidy would prevent more households from falling into negative budgets, and allow claimants to utilise their full entitlements. Community Housing Cymru, alongside its sister federations, has also called for better data-sharing arrangements between DWP and key stakeholders so that support can be targeted to vulnerable tenants more effectively and ensure that no one falls through the safety net as the Migration to UC programme continues.

- **An energy system that protects low-income households, enabling people to afford to heat their homes consistently.** We have campaigned with partners calling for the UK Government to introduce an energy social tariff. Whilst the UK Government committed to consult on this issue in the 2022 Autumn Statement, we are still waiting to see progress on this. Social housing tenants also need further support with repaying energy debt. Community Housing Cymru supports the Help to Repay proposal led by the Money Advice Trust and a coalition of charities including National Energy Action (NEA) Cymru, calling for UK Government to introduce a temporary scheme for people struggling with energy debt.
- **A government commitment to support the sector to achieve its net zero goals,** including enhancing the development of green skills and utilising the Shared Prosperity Fund to accelerate investment in decarbonisation projects.

Editor's Note

This report follows a series of sector research including: 'End's Won't Meet', 'Time to Act' and 'A lot to lose'.

This early analysis report has been prepared ahead of the general election, a fuller report will be published towards the end of the summer which will expand upon some of the themes mentioned – for example: the accessibility of Welsh benefits across local authorities and specific issues raised with Universal Credit.





CASE STUDY ONE:

Mrs P receives £25,000 additional income, Trivalis

It all started when Mrs P was chatting with her rent account manager, who noticed she was approaching state pension age. They realised Mrs P hadn't received the necessary code to start her pension application. The manager referred her to Sue Hoskins, a money advice officer at Trivallis, who stepped in to help.

Sue said, "I began supporting Mrs P with her pension application, getting the required code and assisting with the application. I invited her to one of our money advice drop-ins to provide further help."

Mrs P shared, "I had so many letters, and I didn't want to ask for help because I felt silly. I struggled to understand what they meant. Sue explained everything without making me feel dull."

Once the pension application was done, Sue conducted a benefit check to explore additional support for Mrs P.

Sue explained, "We found Mrs P was entitled to other financial support, including state pension credit, housing benefit, council tax reduction, and assistance with her water bill through the Help U tariff. In total, we identified an amazing £25,537.75 of additional income and savings for Mrs P annually!"

Grateful for the support, Mrs P said, "I'm thankful for Sue for making a difference in my life, financially and mentally. She answered every question I had. For people like me who feel left behind, there's help at the other end of the phone. Don't be afraid; just ask for help."

Sue added, "It's fulfilling to see the impact I made. I stay in touch with Mrs P, providing ongoing support. She even visited the office with a card and chocolates to say thank you."

Sue noted, "Mrs P's case is unique, and we can't promise such significant amounts for everyone. However, every bit helps, so I encourage everyone to access available support. You have nothing to lose and much to gain, both financially and emotionally."

<https://trivallis.co.uk/tenant-stories/mrs-p-boosts-income-with-help-from-trivallis-money-advice-team/>



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