



**Cartrefi
Cymunedol
Cymru**

**Community
Housing
Cymru**

Time to Act:

**Supporting Welsh social housing
tenants through the cost
of living crisis**

Introduction

Social housing tenants in Wales are among those who have been hit hardest by the cost of living crisis. As food and energy prices have continued to rise throughout the year, the winter months represent a huge risk to their health and financial stability.

In their [snapshot study into public opinions in mid September 2022](#)¹, the ONS reported that 91% of people in the UK said their cost of living had increased compared with a year ago. They attributed this to increases in:

- The price of food shopping [95%]
- Their gas or electricity bills [73%]
- The price of fuel [51%]

This study also found that 55% of households in Wales have cut back on using energy.

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Housing association cost of living survey

Housing associations in Wales take their role of supporting tenants through challenging financial times very seriously, and do all they can to ensure people live in safe, suitable, comfortable and affordable homes.

In September 2022, we issued a survey to housing associations to seek information on increases in demand for a) financial advice and support; and b) direct financial aid through housing association hardship grants.

Welfare support

Within the 16 housing associations that responded to our survey, 75% of tenants have some or all of the cost of their rent covered by housing benefit or Universal Credit. However, even before the current price squeeze, tenants were reporting that non-housing

¹ *Public opinions and social trends, Great Britain, 14th–25th September 2022, Office of National Statistics*



costs were unaffordable on Universal Credit.

When the £20 uplift to Universal Credit was withdrawn last summer, many tenants warned their housing associations² that they:

- Would not be able to get enough food and would need to access food banks
- Would not be able to buy clothes or essentials
- Would not be able to afford transport to school, work, the hospital or the shops
- Could not afford internet and a mobile phone.

Increasing demand for financial advice and support

Many housing associations deliver financial resiliency services as part of their core business. All tenants are able to access these services at any time during their tenancy but worryingly they are currently in very high demand as tenants seek more advice than usual.

A recent [survey](#) of over 5,000 social housing tenants across the UK found that getting help from a social housing provider was the second most popular action tenants took after approaching Citizens Advice. It was also more common than getting help from “family and friends”.

Within the 16 housing associations that responded to our survey, 1,299 tenants had been referred for financial support between August and September 2022. This support was provided in house and by external partners.

One housing association has seen the average number of referrals per month increase from 172 to 191. This trend is replicated across the sector with numerous associations reporting a rise.

Frontline housing association staff who provide financial advice and support are witnessing first hand the impossible challenges and choices that tenants have to meet and make as the cost of living crisis hits home. They work side by side with tenants to complete paperwork to access benefits and grants, source food bank vouchers and cash for clothes. They also work with tenants to seek to reduce their energy bills and find charitable trust funds

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2. CHC UC Uplift Report: A lot to lose, Community Housing Cymru, August 2021



from energy suppliers. For example, some members in North Wales partner together with local government to provide ‘energy wardens’ who offer tenants advice on switching energy suppliers and tariffs.

In addition to directly helping tenants with income maximisation, housing associations are helping tenants to get through the crisis and create future financial resilience by improving their employability skills through 1:1 sessions, helping with job hunts, applications or interview preparation, and even funding for travel or clothes.

However, many housing associations now report that they are reaching the limits of what they can do to help. Every option for tenants has been explored and no further savings can be identified or support offered.

Housing association hardship funds

Another indicator of the increasing difficulties that people are facing with food and energy bills is the increase in demand for housing association hardship funds. This is despite housing associations sourcing additional time-limited funding to boost their energy advice services and community welfare support.

Increase in hardship funds

81% of the housing associations that responded to our survey (13 of 16) have a hardship fund for the financial year 2022/23 that provides money directly to tenants. This is an increase on 2021/22 when only 69% of housing associations surveyed had a hardship fund available.

The table below shows the total amount of hardship funds available to tenants in each financial year.

| | 2021/22 (£) | 2022/23 (£) |
|--|-------------|-------------|
| Total amount of hardship fund available to tenants | 402,292 | 524,389 |

69%

increase in hardship funds available to tenants

Excluding the housing associations who did not provide a hardship fund in each year, the average fund provided by each housing association in Wales was:

- 2021/22 – £36,572
- 2022/23 – £40,337



Impact on housing associations

That they can do no more for their tenants is not only disheartening to staff, who often work to support their own local communities; in many instances, it is unprecedented.

Housing associations as organisations are not immune to the cost of living crisis. They too are facing increased fuel and energy costs which have to be paid for out of an ultimately finite pot. One area of particular concern is the impact of the sharp increases in energy costs on housing association care and support services. Reliable warmth is crucial for the health and wellbeing of this group of tenants, and these settings use higher amounts of energy than others. While the non-domestic energy support package announced to date is welcome, this may not be enough to offset the spiralling costs. Providers will also need much more certainty than the six month period that the UK government has committed to, to date.

Housing associations know that they cannot solve the cost of living crisis for their tenants alone. Which is why we as a sector are working with our communities and partners in the housing, voluntary and public sectors to stop the crisis becoming a catastrophe.

At this stage, there are some critical steps that the UK and Welsh government needs to take.

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Our recommendations to prevent even more serious financial hardship for Welsh housing association tenants

For housing association tenants, housing benefit and the Universal Credit housing element are calculated based on the actual eligible rent paid. Consequently, for those eligible for full support, the amount they receive in housing support would rise to cover any increase in rent.

Unfortunately, however, the evidence provided in this briefing shows that the Universal Credit standard allowance – designed to help people on low incomes pay for their day to day essentials – is not sufficient to protect people from food or fuel poverty.



Community Housing Cymru is asking Welsh MPs to take action on behalf of housing association tenants in Wales by raising our concerns and recommendations with UK Government.



Recommendations to UK Government

1. Take action to ensure that the welfare system provides a sufficient safety net so that Welsh social housing tenants can afford to pay for food and other basic essentials by:

- a. *Increasing benefits in line with inflation to cover essential living costs:* In order to ensure that this support is not further reduced, it is critical that the UK Government maintains its commitment to uplift benefits in line with inflation. Holding benefits below inflation is a real terms cut. HM Treasury should confirm ASAP that benefits will rise with inflation in April 2023.
- b. *Exploring options to increase Universal Credit Standard Allowance so that it provides an effective financial safety net:* Simply increasing benefits in line with inflation will not address the deficit in sufficiency that exists within the Universal Credit standard allowance. As set out above, current levels of Universal Credit support for non-housing related costs are not sufficient to provide social housing tenants with the firm foundation they need to seek to increase their financial resilience.

HM Treasury should consider options to increase the standard allowance, in order to replicate the improvements to claimants' wellbeing and ability to seek work that was demonstrated during the £20 uplift period.

- c. *Lifting the benefit cap:* Universal Credit is designed to help people to pay for food and other essentials that their low income does not allow them to pay for. A rigorous assessment process is conducted to understand the support they need to stay afloat financially.

However, once this has been established, some households have their support cut back to ensure that it does not exceed the one size fits all 'benefit cap'. This cap is £20,000 per year for a couple or single parent outside London, and £13,400 per year for a single adult.

When prices are so high, it makes no sense to reduce that amount of money people receive to less than the amount they have been assessed as needing to live on. We recommend that UK Government lifts the benefit cap now to alleviate pressure on households. This should be followed by a review of the success of the policy to consider whether it should ever be reinstated.

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2. Reduce the pressure of energy costs for

Welsh social housing tenants:

- a. Work with Ofgem to:
 - i. end the unfair increase of standing charges on electricity bills due to the collapse of energy suppliers;
 - ii. remove all standing charges from prepayment tariffs; and
 - iii. mandate that energy suppliers prioritise the replacement of prepayment meters with smart meters when a tenant moves out and before a new tenant moves in where a request is made by a housing association.
- b. Help tenants on prepayment meters who are paying more for their energy compared to those consumers on direct debit, by reintroducing a safeguard price cap or similar measures to provide help ahead of this winter.

3. Extend the energy price guarantee for care and support providers to two years

While the support committed so far through the Energy Bill Relief Scheme is welcome, providers are acutely aware that the pressures on their services are likely to continue far beyond March 2023. It also remains to be seen whether this support will absorb the energy cost increases in full, or whether there will be a shortfall that must be covered by the provider or the resident.

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Recommendations to the Welsh Government



Community Housing Cymru will write to Jane Hutt, Minister for Social Justice, to offer ideas that would help Welsh Government provide support to social housing tenants in Wales at this difficult time.

- 1. Work with housing associations to target support to those who most need it:** For those who received it, the Tenancy Hardship Grant (THG) was a lifeline that helped them with significant Covid-19 related debt. However, challenges with delivery meant that only a few social housing tenants received the benefit. We are all calling on the Welsh Government to learn the lessons from the THG in order to work in partnership with housing associations and ensure support is targeted at those who most need it.
- 2. Work with Ofgem to develop proposals for an energy bills social tariff:** The social tariff – which should ideally be in place by winter 2022 – would offer energy at a lower price to those in fuel poverty. Suppliers would be mandated to offer targeted help to those who would be eligible, and paid for via higher energy bills for those who can afford it, taxation or government borrowing.

