

Brighton & Hove City Council

Policy & Resources Committee

Agenda Item 135

Subject: Cost of Living Response including
the Household Support Fund 2022

Date of meeting: 12 May 2022

Report of: Chief Finance Officer

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Ward(s) affected: All

For general release

1 Purpose of the report and policy context

- 1.1 This report presents an overview of the cost of living crisis, outlining the key causes, impacts and measures being taken to mitigate the impact, including the identification of gaps.
- 1.2 The report presents, and seeks approval for, proposals on the allocation of the £2.140m 2022/23 Household Support Fund, which has been re-focused by the government to respond to the cost of living impact.
- 1.3 This report is a snapshot in time, set in a complex and rapidly evolving landscape. Policy responses will continue to evolve and updates brought forward as appropriate. Related committee reports include:
 - The Discretionary Energy Payment scheme (Policy & Resources (Recovery) Sub-Committee on 21st April)
 - Impacts to Food Access from Cost-of-Living Increase Policy & Resources (Recovery) Sub-Committee on 21st April)
 - An update on the Fuel Poverty Affordable Warmth Strategy (to be submitted to the Health & Wellbeing board on 19th July).

2 Recommendations

That Policy & Resources Committee:

- 2.1 Notes the content of the report, and the mitigations set out in Appendices 1 to 4.
- 2.2 Notes the £0.200m expected to be set aside from the council's 2021/22 outturn to mitigate some of the cost of living impacts (to be considered at the July Policy & Resources Committee following closure of the 2021/22 accounts).

- 2.3 Approves the re-allocation of £0.231m from the provisional Contain Outbreak Management Fund (COMF) underspend, as set out in Appendix 5, to provide match funding for the Household Support Fund to enable a full provision of Free School Meal vouchers at the previous voucher value and to bolster the element of the Household Support Fund provided for support to other households.
- 2.4 Approves the proposed allocation of the 2022/23 Household Support Fund set out in Appendix 5, noting the associated Equality Impact Assessment at Appendix 6, and delegates necessary adjustments to the approved allocations to the Chief Finance Officer following consultation with the Chair of Policy & Resources Committee and Opposition Spokespersons, provided any adjustment is compliant with the council's rules for virement as defined under Financial Regulations.
- 2.5 Notes that Housing Committee will be considering progress and priorities for both the Warmer Homes and retrofitting programmes at the June meeting, including consideration of how these initiatives will contribute to improving the energy efficiency of homes and mitigating the impacts of fuel poverty to respond to both the cost of living crisis as well as meeting the council's carbon reduction commitments.
- 2.6 Agrees that the City Council will promote the package of new support for residents under a new section of the council's website called "Worried about money", which will provide one place where residents can access links to information and support.
- 2.7 Agrees that the city council supports co-establishing a new 'Brighton & Hove Cost of Living Support Fund' with CVS partners to run an appeal aimed at helping some of the city's most marginalised residents which will see donations support the work of the Citizen's Advice Bureau and the Brighton & Hove Food Partnership.
- 2.8 Agrees that the City Council should work with:
- (1) Greater Brighton Economic Board (GBEB) partners to lobby government ministers on the cost of living impact, and;
 - (2) the city's MP's to lobby government for sustainable funding for the City.

3 Context and background information

3.1 The UK is experiencing severe cost of living increases with both national and local impacts. The latest available data confirms that poverty in the city is considerably worse than before the pandemic. It is estimated that 12% of households were living in fuel poverty (2020), while child poverty rates are increasing. Figures from the Department for Education show that 21% of state pupils were eligible for free school meals in Brighton and Hove, increasing to 32% in some constituencies (January 2022). Current numbers are expected to be higher, with protected groups and single parent households set to be some of the most vulnerable.

3.2 Causes of the Cost of Living Crisis

- **Inflation increasing** – and forecast to increase further. The cost of living has been increasing across the UK since early 2021 and in January 2022, inflation

reached its highest recorded level since 1992, affecting the affordability of goods and services for households. Consumer Prices, as measured by Consumer Price Index (CPI) increased by 6.2% in March 2022.

- **Supply chain challenges** caused by Covid (retraction of world economy and problems in getting economic activity up to pre-Covid levels) and exacerbated by the Ukraine crisis.
- **Energy and fuel price increases** as demand exceeds supply – leads to further increases in prices of goods and services.
- **Tax increasing** (in part to pay for Covid expenditure/loss of revenues), such as National Insurance Contributions and the freeze in Income Tax thresholds.
- **Interest rate rises** (as a response to inflation) – and more forecast. Rise from 0.25% to 0.75% in recent months with the market anticipating further increases, however, this is not certain due to the damping effect interest rate rises have on economic recovery.
- **Wages and debt pressures**, long period of wage stagnation (post 2007) and wages forecast to rise less than inflation.
- **War in Ukraine** – further pressure on oil and gas, and food prices, as a consequence of sanctions/interruption of supplies. Russia and Ukraine are major exporters of grains, metals and fertilisers, as well as oil and gas.

Themed Areas:

3.3 Food (Appendix 1)

- 3.3.1 Food prices have been rising steadily for a number of years. Food and non-alcoholic drink prices were 5.1% higher in the year to February 2022 on the official CPI measure of inflation. This is up from 4.3% in January and the highest rate of increase since September 2011.
- 3.3.2 Food production/distribution is energy/fuel dependent so further food price rises are likely as a consequence of energy/food price spikes.
- 3.3.3 Following the war in Ukraine, the UK National Farmers Union has warned that food prices will rise due to the conflict and the disruption to food output which may last for years. This is because Russia is a major exporter of fertilisers and has put restrictions on exports. Ukraine's Black Sea ports are transportation hubs for exporting certain commodities, including grains and they have mostly been shut.
- 3.3.4 Local vulnerabilities identified: poorer communities and communities with limited access to a variety of local food shops will be most impacted (i.e. unable to shop around for cheapest prices – increasingly a factor as some supermarkets are withdrawing 'value' product ranges).

3.3.5 A report on the Impacts to Food Access from Cost-of-Living Increase was submitted to P&R recovery sub-committee on 21st April and is referenced at Appendix 1 including a summary of current and planned actions.

3.4 Fuel (Appendix 2)

3.4.1 Significant petrol and diesel increases have been experienced in recent months. Petrol reached another weekly record price of 165.4 pence per litre on 21 March 2022. Diesel reached a weekly record price of 177.5 pence per litre on the same day. This may be a relatively short-term spike due to slow resumption of pre-Covid levels of oil production by OPEC – but Ukraine is a complicating factor and may prolong higher prices.

3.4.2 Local vulnerabilities identified: considered to be lower than many areas as city car ownership is low and public transport/active travel access is generally good. However, some people need cars for work because they do not have ready access to public transport (especially for shift workers and people living on the periphery of the city) or because they have disabilities that make cars their best transport option. Public Transport costs may also increase if high fuel prices are sustained. Further detail and potential national and local mitigations are set out in Appendix 2.

3.5 Energy (Appendix 3)

3.5.1 There have been major wholesale increases in gas and electricity prices. In the year to January 2022, domestic gas prices increased by 28% and domestic electricity prices by 19%, due in part to a return of global gas demand as pandemic restrictions were lifted and lower than normal production of natural gas. Therefore, prices may stabilize over the next few months. However, the situation in Ukraine and sanctions on Russia may mean prices stay high for longer. This is very dependent on oil/gas producers' willingness to increase global supply.

3.5.2 On 3rd February, the regulator Ofgem announced that the domestic energy price cap would increase in April 2022. The price cap does not cap the total bill; this will change depending on how much energy is used. Based on average household use, those on default tariffs paying by direct debit will see an increase of £693 from £1,277 to £1,971 per year. Prepayment customers have seen an increase of £708 from £1,309 to £2,017, a 54% increase.

3.5.3 Local vulnerabilities identified: likely to impact poorer families, people on pre-pay meters (higher costs), people who can't cut back on heating – e.g. people with disabilities, young families, older people. Families in poorly insulated homes (esp. in local private rented sector PRS).

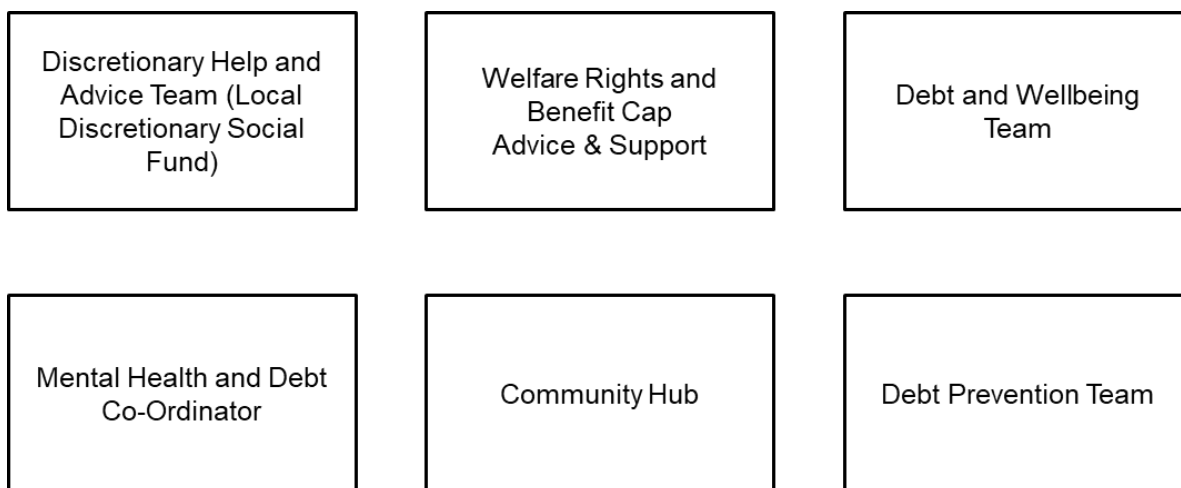
3.5.4 A detailed committee report on the Fuel Poverty Affordable Warmth Strategy will be presented to the Health and Wellbeing board on 19th July. Further detail and potential national and local mitigations are set out in Appendix 3.

3.6 Housing (Appendix 4)

- 3.6.1 Rises in interest rates will generate increased costs for homeowners and these costs are forecast to increase again as the interest rates are further raised to combat inflationary pressures in the economy.
- 3.6.2 Private rents have risen significantly in recent months. In part due to interest rate rises and in part due to landlords attempting to make up lost income during Covid.
- 3.6.3 Local vulnerabilities identified: a significant proportion of the Private Rented Sector (which may include many younger renters in part time or lower paid work, who would not traditionally be seen as vulnerable). Further detail and potential national and local mitigations are set out in Appendix 4.
- 3.6.4 The Council has continued to invest in its own housing stock through upgrading existing gas boilers to A rated appliances, installing Air Source Heat Pumps, and through planned investment programmes. These programmes will be accelerated over the coming year, including the 'roll-out' of a significant programme of solar PV systems and support to identify and enforce compliance with the Minimum Energy Efficiency Standards in the private rented sector.

3.7 Taxation & Benefits

- 3.7.1 Recently announced tax changes have impacted on family finance: e.g. the National Insurance Contributions rise to pay for the health & social care levy and the freezing of Income Tax thresholds. Locally, there has been a Council Tax rise of 1.99% + 1% adult social care precept. However, the increase in the National Insurance threshold announced in the Spring Budget, which applies from July 2022, significantly benefits those on low incomes and should more than offset the National Insurance rate increase for anyone earning £34,000 or less. For those earning around £20,000 per annum it will reduce National Insurance by approximately £178 in 2022/23.
- 3.7.2 Benefits and Pensions are calculated annually using September inflation figures which means the uplift is 3.1%, which is much less than forecast inflation. The government also withdrew the £20 per week Universal Credit uplift last year which was a significant enhancement that helped many low income families to cope.
- 3.7.3 Local vulnerabilities identified: poorer communities; people on Universal credit, pensioners relying on state pension are likely to be impacted.
- 3.7.4 The council's Welfare, Revenues & Business Support service (WRBS) offers a wide range of services and support as part of its Welfare Framework. Current support includes:



3.7.5 Importantly, all services working with vulnerable families across Housing, Adult Social Care, Family and Children’s Services and Welfare, Revenues & Business Support (WRBS) will ensure that people are advised to maximise their welfare benefits and will signpost them to appropriate support in the DWP or the council, including more complex welfare rights cases, and can also signpost people to CVS money advice agencies to help them with other aspects of financial and debt management.

4 Household Support Fund 2022 (Appendix 5)

4.1 The government has announced an extension of the Household Support Fund for a further 6 months until September 2022. The new fund is to be repositioned to support people with the cost of living increase. The allocation will be the same at £2.140m.

4.2 However, the fund’s conditions are different and require that at least one third is spent on pensioners, and one third on families with children, whilst the remaining third can be spent on other households genuinely in need of support.

4.3 As such, the fund requirements break down as follows:

- At least one third or £0.713m to be spent on families with children;
- At least one third or £0.713m to be spent on pensioners;
- The remaining sum to be spend on households in need.

4.4 Appendix 5 provides full details of the new Household Support Fund and sets out a proposed allocation of the fund. This includes a recommended re-allocation of underspent Contain Outbreak Management Funds to provide match-funding to the Household Support Fund to ensure that the equivalent of one third of the fund value is provided to other households and groups.

5 Council Employees

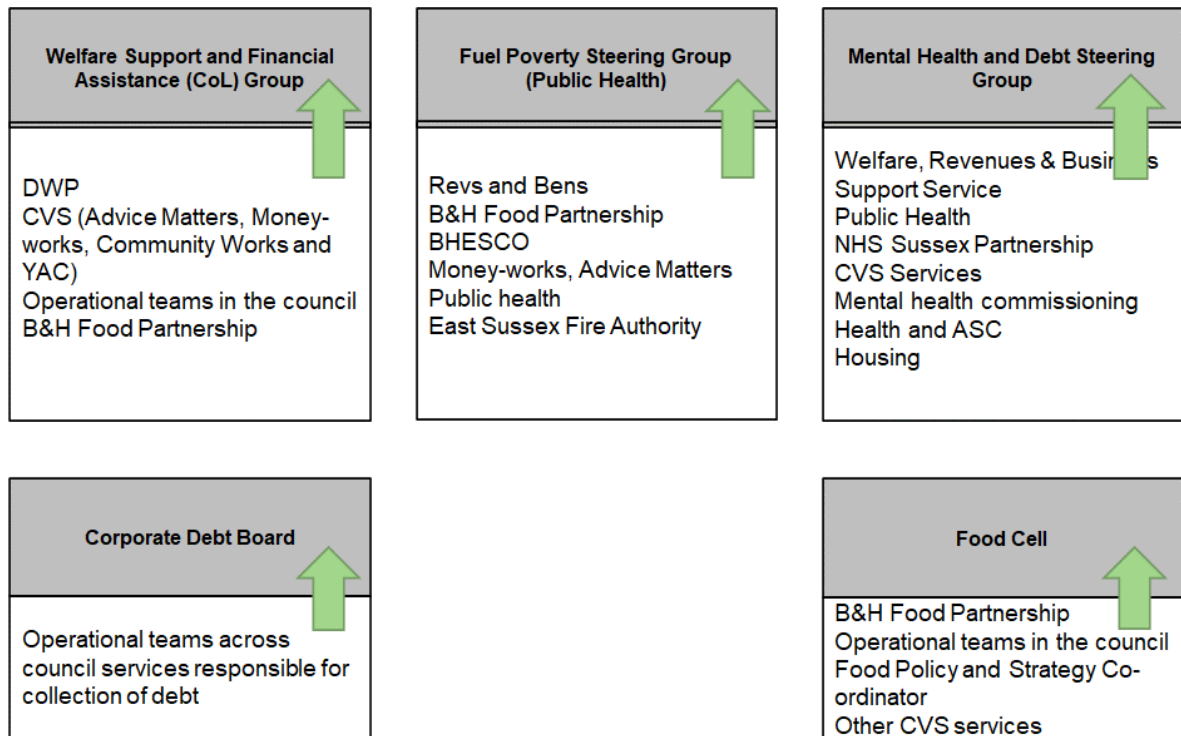
5.1 The council is a living wage employer, and committed to ensuring that its pay and reward package available is fair and demonstrates how staff are valued and supported to serve the city. As an employer, the council also has concerns about the impact of the cost of living crisis on its staff, and work is ongoing to seek to ensure staff are supported as far as possible. The council has a package of

financial benefits that is kept under review and includes a generous pension scheme, supportive employee loans (such as a rental deposit scheme) and a variety of staff discounts for travel and other offers including discounts on food shopping and other essentials.

- 5.2 In the context of the current cost of living crisis and the challenging financial position of the council, a pay review is underway and we are consulting with our recognised Trade Unions about the council's grading structure for many of our front line roles. The City Council is committed to abolishing the lowest pay scales (1 and 2) as soon as possible and is working to improve pay for the lowest paid staff. We are committed to continuing to work with Trade Union colleagues on this as well as ensuring that there is clear information so that staff are fully aware of the significant benefits of the current employment offer. This information will include signposting to money advice services and discretionary funds which employees facing hardship may also be able to access and which will be re-promoted over coming months.
- 5.3 The annual pay award for staff is determined by national pay bargaining, and the council will input views as an employer to that process, alongside lobbying Government on the need to provide Local Authorities with funding for a decent pay award.

6 Mitigations

- 6.1 The council currently provides a wide range of support to assist people in hardship and on low incomes in partnership with public, private and third sector partners. The council is responding quickly to the escalating crisis, actively working to bring existing and new support together, including increasing signposting and capacity across key service areas.
- 6.2 The council's framework for identifying and ensuring holistic and joined up support for the most vulnerable is as follows:



6.3 Sound data insight will be key to ensuring existing and new support is effectively designed and employed. This is being developed through the LIFT (Low Income Family Tracker) programme, alongside the analysis of wider data sets. Progress includes:

- LIFT dashboard implemented and the first dataset is now being analysed;
- First dataset analysed suggesting 6,800 households are potentially below the poverty line;
- Community Needs Assessment undertaken by Citizens Advice Bureau to identify and corroborate vulnerabilities and gaps (Appendix 7);
- Analysis of Council Tax and Council Tax Reduction debt patterns to identify vulnerable households;
- Further triangulation with data from wider partners, from the Brighton & Hove Food Partnership to DWP data sets.

6.4 The allocation of £2.140m from the extended Household Support Fund (HSF) until September 2022, will provide a key source of additional resource, enabling the council to target the most vulnerable, although significant funding gaps remain (see Appendix 5). Other government grants and core council funding will provide further funding and support, including the Council Tax Energy Payment scheme, the Council Tax Reduction Scheme, respective discretionary elements and the expected allocation of Contain Outbreak Management Funds. These funds will enable further support to be provided, including through the Local Discretionary Social Fund and relevant third sector support services. A cross section of current city-wide schemes is set out below. See Appendices 1-4 for detail on mitigations across food, fuel, energy and housing.

City-wide Support Scheme/Fund	Provision 2022/23
Discretionary Housing Payments (DHP) *	£0.732
Council Tax Reduction Scheme (CTRS)	£16.658
Discretionary Council Tax Reduction (DCTR) **	£0.200
Local Discretionary Social Fund (LDSF) **	£0.180
Household Support Fund 2022/23 (HSF)	£2.140
Food Strategy (from the Contain Outbreak Management Fund)	£0.074
Support to money advice CVS agencies – 3 rd Sector Grants	£0.450
Council Tax Energy Payment	£15.897
Council Tax Energy Discretionary Element	£0.594
Total City-wide Support 2022/23	£36.925

* Includes £0.100m is expected to be provided by the Housing Revenue Account for tenants.

** Core funding before any allocations from 2022/23 HSF or other council resources (for example, the potential £0.200m approved at February Budget Council subject to an improved outturn underspend).

- 6.5 The council also administers Concessionary Bus Passes which enables free bus travel for pensioners. This scheme currently costs approximately £10.6m. It will also be introducing parking permit discounts for low income households.
- 6.6 National government's response is also critical, as is our strategic partnership working. The council will work with strategic partners, including Brighton & Hove Connected, the Greater Brighton Economic Board and the SE7, and with MPs to agree a lobbying strategy to secure more sustainable funding for the City. Winter 2022/23 is expected to be particularly challenging, and it is vital that further financial support is provided.

7 Analysis and consideration of alternative options

- 7.1 As noted earlier, this report is a snapshot in time, set in a complex and rapidly evolving landscape. There are many possible options for organizing and coordinating responses to the cost of living situation. It will therefore be important to remain flexible and to adapt and develop the council's response using data, experience and engagement with partners to inform its policy and practice. The proposed delegations for the Household Support Fund will also enable this fund to be used flexibility based on experience and demands. Updates will therefore be brought to Policy & Resources and other committees as appropriate to report on issues or seek policy decisions or changes as necessary.

8 Community engagement and consultation

- 8.1 Sections of this report have utilized data reported by community and voluntary sector partners, including Citizen's Advice Bureau and the food partnership.
- 8.2 A key engagement has been with Citizens Advice Bureau (CAB) and the B&H Food Partnership as reported to Policy & Resources (Recovery) Sub-Committee on 21 April. The two CVS organisations have agreed to set up a charitable donation site in support of the cost of living crisis and to manage the distribution of support. The fund will focus on food and fuel poverty and will enable people to donate their energy payment or other monies to support those in need across the city. The committee is recommended to support co-establishment of the fund and to support promotion and access to the fund, for example, through the council's web site and through press releases.

9 Conclusion

- 9.1 The report details some of the work that BHCC and partners are doing to lessen the impact of the Cost of Living crisis on local communities. The responses are evolving and will need a regular review of data and experience to adapt and change as the impacts across the city and its households are better understood. As the work progresses, Policy & Resources Committee and other relevant committees will be kept updated.

10 Financial implications

- 10.1 The various government grants and core funding currently available to the council to support households on low incomes are set out in the table at paragraph 6.4 above. These are in addition to Housing Benefits which are administered by the council on behalf of the DWP. The table includes the extension of the Household Support Fund announced in the Spring Budget which will provide £2.140 million to support households. Appendix 5 sets out the proposed allocation of this fund.
- 10.2 Appendix 5 also recommends allocation of part of the expected underspend on the Contain Outbreak Management Fund (COMF), £0.231m, to provide match funding to the Household Support Fund to support other households and groups. Although the COMF underspend is a provisional outturn figure and subject to audit, this is a position that has been confirmed to government, as required, and no further changes to the COMF outturn are expected.

Name of finance officer consulted: James Hengeveld Date consulted 29/04/2022

11 Legal implications

- 11.1 Policy and Resources Committee has delegated authority for the financial and other resources of the Council as well as responsibility for developing the Council's strategy and policy and for many of the services delivered to residents and customers referred to in this report. It is the correct body to receive this report and to note and agree the actions referred to in the recommendations made at paragraphs 2.1 to 2.2 and 2.5 to 2.8 inclusive, and to consider and determine the

recommendations in paragraphs 2.3 and 2.4 which seek formal approval for the allocation and re-allocation of specified funds.

Name of lawyer consulted: Victoria Simpson Date consulted: 05.04.22

12 Equalities implications

- 12.1 Some protected groups and those with lower incomes will be overrepresented in the set of vulnerable people, more details on the impacts and mitigations are contained in the appendices for this report. Specifically, Appendix 6 provides an Equality Impact Assessment in relation to the Household Support Fund for which a proposed allocation is set out in Appendix 5.

13 Sustainability implications

- 13.1 There are specific sustainability implications around fuel and energy, from a carbon perspective locally due to increased energy costs, in likelihood people's inability to afford the cost of heating will likely reduce CO2 emissions from homes.

14 Other Implications: Public health implications:

- 14.1 There are specific Public Health implications around food and energy. The health risks for certain groups are significantly higher from living in a cold home i.e. older people and people with disabilities and long term health conditions. Often these groups will have a higher energy cost due to these issues so not adequately heating their homes will have a disproportionate effect on health.

Supporting Documentation

Appendices

Appendix 1: Food price increases and mitigations

Appendix 2: Fuel price increases and mitigations

Appendix 3: Energy price increases and mitigations

Appendix 4: Housing costs and mitigations

Appendix 5: Household Support Fund 2022

Appendix 6: Equality Impact Assessment (Household Support Fund)

Appendix 7: CAB Summary and Recommendations

