

Cost of Living- update report

Date: 26th July 2023

Report of: Director of Communities, Housing and Environment

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief Summary

This report provides Executive Board with an updated position on the cost-of-living crisis, national policy interventions and the Leeds City Council's response to addressing the crisis.

The Leeds cost-of-living dashboard detailing key data and analysis is attached at appendix 1.

This update follows the report to Executive Board in March 2023 and sets out any new developments, their potential impact, and any additional response required.

It is recognised that current local action alone may not be enough to mitigate the impact, and that in the longer-term greater focus will be required across all three pillars of the Best City Ambition in sustainably addressing deep rooted poverty and inequality within the city.

Recommendations

Members of Executive Board are recommended to;

- a) Note the content of this report and endorse the approach being adopted.
- b) Note that the Director, Communities, Housing and Environment will be responsible for overseeing and implementing any actions arising from this report.

What is this report about?

- 1 This report provides an update on the cost-of-living crisis and the actions being undertaken by the Council and partners from a welfare and financial inclusion perspective. The report follows on from the report received by Executive Board in March 2023.

Context

- 2 As reported in March 2023, poverty and financial exclusion have been deep-rooted challenges in Leeds for many years. Already exacerbated by the COVID-19 pandemic, and despite significant work to address these issues locally, financial pressures and widening inequalities continue to impact households in Leeds and across the country.
- 3 Attached as **appendix one** to this report is the Cost-of-Living Dashboard for Leeds which brings together detailed data and analysis as of **June 2023**.
- 4 The Office for Budget Responsibility predicts the UK will avoid recession in 2023, but that the economy will still shrink by 0.2%.
- 5 In June 2023, The Bank of England increased interest rates to a 15 year high of 5%.
- 6 The latest official UK inflation figures show although UK price rises have slowed from double digits to 8.7% for the 12 months to May 2023, this is still above the 8.2% rate forecast by the Bank of England earlier this year. Food and energy prices have remained key drivers of inflation.
- 7 According to Office for National Statistics (Public opinions and social trends bulletin, May 2023), in Great Britain, 50% of adults said they were buying less when shopping for food, 67% reported their cost of living had increased in the past month, with 97% of those respondents' experiencing increases in the price of food shopping specifically.
- 8 Although the rising cost of living is affecting everyone, some groups are being disproportionately and more severely impacted. This includes low-income households, who face a higher effective inflation rate because they spend a higher share of their income on energy and food.
- 9 The demography of local Citizens Advice data also reveals women, ethnically diverse groups and disabled people/people with a long-term health issue are all representing for advice at higher proportions than they are in the wider Leeds population. This indicates that these groups are being more severely affected by the cost-of-living crisis than the overall population. 35% of all clients in 2022/23 were from priority wards in Leeds which include the 1% most deprived neighbourhoods according to the Index of Multiple Deprivation 2019.

10 Housing

- 11 Leeds Housing Options has seen an increase in customers approaching the service where their situation has worsened due to the cost-of-living crisis. Temporary accommodation placements have increased during the 2022/23 financial year, with 157 households in placements at the end of March 2023. Of these, 61 households were families with dependent children. Most families requiring a placement into temporary accommodation have been asked to leave accommodation by family and friends, partly due to the increased cost of utilities and food, with no other housing available to them. The second highest reason for being placed into temporary accommodation is loss of private sector accommodation.
- 12 There has been a higher number of people experiencing rental liability increases, being unable to afford rent due to other essential living costs, and the housing market further stretching the gap between the average rent cost and the local housing allowance (the maximum a household can claim in a housing related benefit). Landlords are also reporting the impact of higher interest rates and the knock-on effect to tenants. According to the Royal Institute of Chartered Surveyors, 'the availability of homes to renters has already been squeezed, so higher costs – as well as the Renters Reform Bill – is likely to continue that trend'.
- 13 This continuously changing backdrop is challenging the ability of Housing Options to prevent and relieve homelessness, particularly as the private sector has been a critical part of Leeds Housing Options' re-housing or staying put solution. In quarter 4 of 2022/23, Leeds Housing Options

accepted duties to prevent or relieve homelessness for 1,213 households. 61% of these were threatened with homelessness where prevention options were still available. In 75% of these cases, homelessness was positively prevented.

14 Within Housing Leeds, the Housing Officer Income (HOI) team have identified that although the number of referrals has increased there is often less additional benefit available to them. Many of the referrals have been for families struggling with debt and fuel poverty which results in limited financial gain in comparison with assisting with benefit awards. The team have advised that although there was limited additional financial gain available, they have been able to refer on to various other Council initiatives as well as those available via external partnerships.

15 Other key local statistics;

- 22% (178,630) of the Leeds population is living in relative poverty after housing costs are deducted from income.
- 22% of children in Leeds, (32,933) were estimated to be living in relative low-income families before housing costs in 2021/22.
- There were 75,815 Universal Credit claimants in Leeds in April 2023, with the number of claimants continuing the steady increase seen since January 2022.

National update 2023

16 In June 2023, the Government announced a new mortgage charter, in response to rising interest rates. The charter ensures all borrowers can contact their bank or lender for information and support, and staff will be trained to find solutions to payment issues. Borrowers can also swap to an interest-only mortgage or extend their mortgage term, with the option to switch back to their original mortgage deal within 6 months with no impact on their credit score. In addition, lenders have also agreed not to repossess a borrower's home in under a year from their first missed payment unless in exceptional circumstances and there is also flexibility for customers approaching the end of a fixed rate deals.

17 Cost of Living Support Package 2023

18 As seen in 2022, the Cost-of-Living package of support from National Government for 2023 has focused on scheduled payments for eligible means-tested benefits claimants¹. Some households may receive a combination of payments, depending on their individual circumstances.

19 Cost of Living Payment Schedule:

- £301 – First Cost of Living Payment – Spring 2023
- £150 – Disability Payment – Summer 2023
- £300 – Second Cost of Living Payment – Autumn 2023
- £300 – Pensioner Payment – Winter 2023/4
- £299 – Third Cost of Living Payment – Spring 2024

20 Since October 2022, the Government's Energy Price Guarantee (EPG) has limited average household energy bills, separate to the energy price cap set by Ofgem (introduced in January 2019) which sets a maximum price that energy suppliers can charge consumers for each kilowatt hour (kWh) of energy they use.

21 In April 2023, the EPG limited average household energy bills to £2500 (the price cap set by Ofgem was £3280). From July 2023, the EPG will effectively end as the price cap set by Ofgem will be lower than the limit set by the EPG, reflecting a significant drop in wholesale energy prices. For the first time since October 2020, monthly gas prices fell by 1% between March and April this year, compared with a rise of 66.8% between the same two months a year ago. Electricity prices

¹ For full details of Cost of Living Payment eligibility, please see - [Cost of Living Payments 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/cost-of-living-payments-2023-to-2024)

also fell by 1.1% between March and April this year, compared with a rise of 40.5% between the same two months a year ago.

- 22 It is anticipated that the typical annual bill will now be £2074, however this is still over double the typical annual household bill seen in January 2019 (£1137), when the Ofgem price cap was first introduced.
- 23 Beginning in October 2022, the Government introduced various energy support schemes for UK households;
- a) **Energy Bill Support Scheme (EBSS)** - £400 paid in 6 instalments via an automatic monthly discount to energy customers paying bills by direct debit, and vouchers to the equivalent value for those on prepayment meters. (Direct debit payments have now ended, and vouchers must be redeemed by end of June 2023).
 - b) **Energy Bills Support Scheme Alternative Funding (EBSSAF)** - Households without domestic energy supply (ineligible for the above EBSS) could apply online for a one-off payment of £400 via this scheme. Those eligible include residents in off-grid homes, park homes, care homes, caravans, houseboats and some private and social rented homes (scheme now closed).
 - c) **Alternative Fuels Payment (AFP)** - £200 payment for households not connected to the mains gas grid and using alternative fuels as the main form of heating. Households with a mains electricity supply should receive this payment automatically, however those without must apply online (scheme now closed).
- 24 Poor uptake has been continually reported for vouchers issued as part of the standard EBSS as well as across the various alternative schemes. Despite additional support from Local Authorities in terms of promotion, numerous barriers including; incorrect customer details and difficulty redeeming the vouchers have been cited, as well as overall confusion about the various different schemes and difficulty contacting suppliers for support.
- 25 Following an urgent enquiry by Ofgem into the practice of forced prepayment meter installations, an updated Code of Practice for British energy suppliers was introduced in April 2023. The Code (developed in consultation with Citizens Advice, Energy UK and other key stakeholders) includes strengthened Ofgem oversight of all involuntary installations, including those enforced under warrant. Although increased protections are now in place for customers in exceptionally vulnerable circumstances, the new code of practice for suppliers is voluntary, and there have been numerous concerns raised that the outright ban on forced prepayment meter installations included in the code, only applies in limited, specific circumstances (i.e. for people aged 85 or over who also live alone).
- 26 The Government has also confirmed that from July 2023, energy charges for those on prepayment meters will be matched with prices for customers paying by direct debit.

27 **Universal Credit (Spring statement announcements)**

- 28 As part of the Spring Budget, a series of changes to Universal Credit were announced;
- Expansion of 30 hours of free childcare for working parents in England to cover one and two-year-olds, from April 2024
 - Families on universal credit to receive childcare support up front instead of in arrears, with the £646-a-month per child cap raised to £951
 - New fitness-to-work testing regime to qualify for health-related benefits
 - New voluntary employment scheme for disabled people in England and Wales, called Universal Support
 - Increased requirements to look for work and job support for lead child carers on universal credit
 - £63m for programmes to encourage retirees over 50 back to work

- 29 The collective focus for the changes is employment and some elements represent positive developments (particularly in relation to childcare) that have been campaigned for, for many years by both national and local partners. Despite this, there are strong concerns that the longstanding multifaceted challenges faced by low-income households are not being recognised or addressed and more fundamental reform is needed for meaningful change.
- 30 In addition, there are concerns that the strengthening of work-related requirements and proposed changes to health-related benefits may result in increased sanctioning and associated hardship/challenges for claimants.
- 31 Joseph Rowntree Foundation's national Cost of Living Tracker reports '54% of low-income households receiving Universal Credit have been going without three or more essentials, showing the depth of this situation over a prolonged period despite cost-of-living payments from the government. In addition, 69% of low-income households on Universal Credit have changed the type of food they have bought (i.e. buying less fresh produce), and 68% have also cut back on food for adults, indicating that the effects of the cost of living now could have consequences for the nation's health in years to come.'

32 Local partner update

- 33 Since the last Cost of Living Update report submitted in March 2023, financial inclusion partners and agencies have continued to report exceptional pressure on services and staff and customers.
- 34 Unprecedented demand for emergency support for food, energy and household goods continues to be seen by the Council's Local Welfare Support Scheme (LWSS), with 9,204 calls received in April 2023 alone.
- 35 Client data from Citizens Advice Leeds and Chapeltown reveals key advice areas have increased considerably between 2021/22 to 2022/23 in relation to the cost of living, with enquiries relating to utilities (including energy bills) increasing by 124% and Charitable and foodbank support by 109%. Quarterly data reveals Benefits and tax credits, Universal Credit, Utilities, Housing, Debt, and Charitable support/foodbanks were the most sought areas of advice.
- 36 Increased levels of safeguarding have been cited at partnership meetings as of particular concern, particularly in terms of complex mental health issues and suicidality. Anecdotally, advice services report that customers affected by these issues are increasingly reliant and returning to advice services for help outside of the advice remit. Long waiting lists and difficulty accessing appropriate specialist support services present barriers and while staff and volunteers continue to provide support to customers in these instances, this inevitably places additional pressure/demand on staff and reduces capacity for customers in need of advice.
- 37 As referenced throughout this report (and in previous editions), frontline workers from across the financial inclusion partnership are becoming increasingly reliant and resorting to emergency support and discretionary options (grants etc) to alleviate financial pressure on households. As well as being unsustainable for the individual, in many cases these opportunities are increasingly limited (and in some cases exhausted) due to oversubscription.
- 38 Childrens Services have provided examples of families self-referring exclusively for assistance with food and fuel. In some cases, advice/income maximisation has already taken place, and immediate support through options such as Local Welfare Support, Food Banks etc has also been exhausted.
- 39 Evidence from frontline advice services also demonstrates the growing trend of households approaching for help where there is no sudden or short-term emergency/crisis at play, but where the available income is simply not sufficient to meet the basic needs of the household. Being in a state of 'perpetual crisis' presents unique challenges to services as well as the individual as short term/emergency support is quickly exhausted, and is not sustainable in the mid/long term as exemplified below:

40 **LCC Welfare Rights Unit – Caseload trends**

41 Demand for the service remains high as people continue to struggle with impact of rapid inflation. Despite the benefit up-rating in April 2023 and additional cost of living payments, benefits rates overall are meeting day to day living expenses. Clients are unable to pay for every-day essentials such as rent, food, and heating. Unfortunately, when benefit checks are carried out for clients calculations increasingly show that households are already claiming all the benefits they are entitled to, and there is no way to maximise their income further. Increasing contacts are also coming from household where people are in work, hoping they will be entitled to some Universal Credit to top-up their earnings. The Universal Credit calculation is simplistic and doesn't take into consideration people's financial commitment or outgoings. In most instances earnings from work will automatically exclude people even if they have high outgoings such as a high mortgage. In such situations all the service can do is sign-post people to short-term emergency assistance.

42 **Citizens Advice Leeds – Crisis support case studies**

- a) Sonia, a single parent with four children under 15, approached CAL as she was at risk of losing her energy supply as she could not afford to top up the prepayment meter. Her next payment of universal credit was not for 10 days so without help Sonia would not be able to heat or eat. CAL identified that there was a shortfall in the amount of rent paid by UC so Sonia was given information on claiming a Discretionary Housing Payment.
- b) Despite completing a Debt Relief Order recently to deal with his debts, Arnold was struggling to heat his all electric property. He receives Universal Credit and Personal Independence Payment but price rises for both food and fuel have left him struggling to afford the basics and he approached CAL for help. Food vouchers were given and as Arnold is hoping to move, CAL gave advice on sources of housing advice.

43 **Local Action**

44 As reported at March Executive Board and linked to the breakthrough priority to develop an integrated city-wide welfare support approach, strategic and operational groups have been meeting since September to coordinate actions to mitigate as far as possible the impacts of the cost-of-living crisis. The groups all have senior representatives from the Council, health, third sector and the Department for Work and Pensions and have expanded to include other key partners where appropriate such as West Yorkshire Fire Service.

45 Regarding framing the response in the city, the work areas and actions emerging from the meetings have focussed on ensuring that there is awareness and understanding of the support available, developing practical support which enhances existing services, and ensuring the short-term funding available is coordinated and maximised. To achieve this the work in the short term has been organised into the following areas;

- Communications and engagement
- Information, Advice and Guidance
- Practical Support
- Funding
- Reporting

46 Full details of the range of work undertaken since October is detailed in **appendix 2** of this report, with the Equality, diversity, cohesion and integration screening attached as **appendix 3**.

47 Key workstreams include:

Communications and engagement

48 A wide range of activity has been undertaken both through online and offline platforms, this has included creating the Together Leeds webpage as a one stop shop for all cost-of-living information and advice, with dedicated social media content, plan being employed. This has been

complemented by radio advertising, outdoor adverts, posters and leaflets which signpost to both the website and the Council's Community Hubs and Libraries.

Information, Advice and Guidance

- 49 Improvements have been made to the Leeds Money Information Centre (MIC) website including re-introduction of a comprehensive mapping tool and links to new budgeting tools etc. Printed resources such as flyers, business cards and concertinas are all also available. Work has also been underway to update and reintroduce the Managing your Money Booklet - a printed resource incorporating all services and information listed on the MIC website.
- 50 The Cost of Living google drive also continues to be shared with organisations across the city, containing up to date messaging, resources and training themed around money, energy, housing, food and health etc.

Practical Support

- 51 Over winter 2022/23 approximately 200 warm spaces across the city offered a space for people to gather for free in a safe and welcoming environment. Host organisations included LCC Community Hubs and Libraries as well as third sector and faith-based organisations supported by Voluntary Action Leeds and Forum Central. Around 50 organisations are now continuing to provide community, social and wrap around support as 'welcoming spaces' into summer 2023.
- 52 The Winter Coat Appeal, coordinated by Zero Waste Leeds, which collected and distributed good quality, clean coats across community locations in the city. Overall, between October 2022 – March 2023, 6,269 items of winter clothing were donated and redistributed, with estimated total savings (based on average costs per item) of £132,803.00.

Funding

- 53 Efforts have continued to focus on ensuring short term funding such as the Household Support Fund, Holiday Activity and Food Funding, and the West Yorkshire Mayoral fund are prioritised to support people most impacted by the cost-of-living crisis (including via VCSE partners in the city), whilst adhering to the criteria of the different funds.

Reporting

- 54 Attached as **appendix one** to this report is the Cost-of-Living Dashboard for Leeds which brings together detailed data and analysis as of **June 2023**. The Dashboard is updated at regular intervals as new data becomes available, and work is currently ongoing to enhance the dashboard through migration and integration with an online interactive platform.
- 55 Building on the range of work undertaken to date, from June 2023, the 'City Operational Group' has now revised to monthly thematic meetings, concentrating on how the Cost of Living has impacted upon the following areas highlighted as key concerns;
- Housing
 - Child Poverty
 - Crime & Community Safety
 - Marmot City & Health
 - Migration/Immigration & support for ethnic/culturally diverse communities
 - Local Crisis Support
 - Third Sector, Advice & Support

What impact will this proposal have?

- 56 The proposal sets out how the Council and partners are adopting a strategic, coordinated and collaborative response to the cost-of-living crisis. However, many of the projects and initiatives referenced are short term. The challenge for the council and partners is how this work can be

used to make a substantial long-term difference to the people of Leeds, without significant change in national policy and adequate long term sustainable funding.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

57 The Leeds Best City Ambition has at its heart the mission to tackle poverty and inequality and improve the quality of life for everyone who calls Leeds home. The actions and initiatives set out within the report to mitigate the impacts as far as possible of the cost-of-living crisis, impact all three pillars of the Best City Ambition. A greater focus will be required across all three pillars of the Best City Ambition in sustainably addressing deep rooted poverty and inequality within the city.

58 Poverty and inequality are protected characteristics, and Equality, Diversity, Cohesion and Integration screening are undertaken as appropriate for each measure, with the EDCI screening document for the 'Cost of Living and Welfare' strategic and operational arrangements attached as **appendix 3**.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

59 Partner organisations referred to in this report have been consulted to provide relevant and up to date information about the projects, initiatives and services referenced

What are the resource implications?

60 All the projects and services referred to in this report are being undertaken within current budgets, there are no additional resource implications arising from this report.

What are the key risks and how are they being managed?

61 The Corporate Risk Register houses the most significant and cross cutting risks facing the council and city. The register includes a risk on Escalating Poverty - "The impact of poverty in the city escalates due to factors such as inflation, fuel, food and energy prices increases". Should the council fail to play an effective part in tackling the risk, then the impact of the risk increases, and it will have a more detrimental effect on the citizens and communities of Leeds. This could lead to a loss of public faith in the council and subsequent reputational damage.

62 The risk is managed through a range of activities as outlined in this report, including regular strategic and operational group meetings. The risk is regularly reviewed, updated and reported within the council, to the Communities, Housing and Environment Directorate Leadership Team and onto the Corporate Leadership Team.

63 An additional risk on Third Sector Organisation sustainability has been recently added the Corporate Risk Register – the risk that Third Sector Organisations will not be able to deliver due to reduced funding and increased demand. The key controls to manage this risk will be the development of a strategy based on the following principles:

- Working in a way that ultimately benefits people and communities living in Leeds
- The importance of delivering preventative measures where possible
- Investment in resilience
- The importance of working together in partnership
- A commitment to 'one workforce'
- The third sector being an equal partner as part of both the WY Health and Care Partnership, 'Team Leeds' approach and West Yorkshire Combined Authority

What are the legal implications?

64 There are no specific legal implications or access to information issues with this report.

Options, timescales and measuring success**What other options were considered?**

65 No other options have been considered.

How will success be measured?

66 Success will be measured by update reports and the cost-of-living dashboard.

What is the timetable and who will be responsible for implementation?

67 Implementation is immediate and continuous

Appendices

- Appendix one: Cost of Living Dashboard June 2023
- Appendix two: Cost of Living Action Plan
- Appendix three: Equality, Diversity, Cohesion & Integration Screening

Background papers

None