

Cost of Living- update report

Date: 22nd November 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 July 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 July 2023.

Context

- 2 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 The Office for Budget Responsibility predicts the UK will avoid recession in 2023, but that the economy will still shrink by 0.2%
- 4 Attached as **appendix 1** to this report is the quarterly Cost-of-Living Dashboard Report for Leeds which brings together detailed data and analysis as of September 2023.
- 5 The latest CPI inflation figures published on 18th October reveal that the UK Inflation rate remained at 6.7% in September 2023. At 12.2%, food and drink prices were still the largest component to inflation, with the lowest contribution being transport at 0.7%.
- 6 In November 2023, Bank of England interest rates were maintained at 5.25%. In September, the Bank also kept rates unchanged at 5.25%, which had been the first hold decision for nearly two years.
- 7 Although inflation has reduced since earlier in the year, it remains higher than the 2% target. Combined with high interest rates, both mean that the cost of essential goods remains at an unaffordable level, and as stated by the JRF 'for those already skipping meals and going without hot water, the rate at which prices continue to rise is now secondary.'
- 8 Citizens Advice estimated that as of September 2023, 'One in four people in the UK are currently behind on at least one bill and the situation looks set to deteriorate in the coming months. Nationally, the level of household debt, covering things like essential bills and benefit repayments sits at £22bn'.
- 9 In a letter to the Prime Minister, health and care bodies including the Academy of Medical Royal Colleges, alongside the NHS Confederation, British Medical Association and The Royal College of Nursing expressed concerns that 'as the price of everyday essentials like food and housing persist, too many people are expected to live with what can be devastating knock-on consequences. As well as not being able to afford enough food and other essential items, health and care practitioners say they see people forced to miss hospital appointments because they can't afford the bus fare. Others observed people missing or reducing their medication because they can't afford the prescription'.
- 10 Although the rising cost of living is affecting everyone, low-income households face a higher effective inflation rate because they spend a higher share of their income on energy and food, meaning they are disproportionately impacted. National and local research has further identified that women, ethnically diverse communities, large families, single parent households and disabled people/people with a long-term health issue, are groups being more severely impacted in comparison to the wider population.

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 2023/24 financial year, with 176 households in placements at the end of June 2023. Of these, 79 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 Bill¹ – 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 1 of 2023/24, Leeds Housing Options accepted duties to prevent or relieve homelessness for 1,117 households. 64% of these were threatened with homelessness where prevention options were still available. In 79% of these cases, homelessness was positively prevented.
- 14 Within Housing Leeds, the Housing Officer Income (HOI) team report that the cost-of-living crisis forms the basis for the majority of conversations they are having with tenants, with many stating they are finding it harder to make ends meet as neither benefit levels nor wages have increased. Issues of food and fuel insecurity are highlighted by most tenants the team engage with and an increase in referrals for tenants of pension age has also been noted.
- 15 During August and September 2023, the HOI team have worked with 841 Households in total and secured £233,186.74 in additional income with an average additional income per family of £277. This included 216 households with children (£69,720 of additional income, with an average of £323 per family).
- 16 **Key local statistics:**
 - 22% (178,630) of the Leeds population is living in relative poverty after housing costs are deducted from income².
 - 22% (32,933) of children in Leeds, were estimated to be living in relative low-income families before housing costs.
 - 76,446 people were claiming Universal Credit in Leeds in July 2023 - continuing the steady increase since January 2022.

Cost of Living Support Package 2023

- 17 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 claimants³. Some households receive a combination of payments, depending on their individual circumstances.
- 18 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
- 19 Energy support measures previously set by the Government in October 2022, ended in July 2023. This included:
 - The Energy Price Guarantee

¹ For further details of The Renters Reform Bill, please see - [Renters' Reform Bill, Second Reading, House of Commons, 23 October 2023 | Local Government Association](#)

² Poverty Estimates for Leeds, [Leeds Observatory – Leeds Poverty Fact Book – Section 1: Relative and Absolute Poverty](#)

³ For full details of Cost of Living Payment eligibility, please see - [Cost of Living Payments 2023 to 2024 - GOV.UK \(www.gov.uk\)](#)

- Energy Bill Support Scheme (EBSS)
- Energy Bills Support Scheme Alternative Funding (EBSSAF)
- Alternative Fuels Payment (AFP)

- 20 Low uptake of vouchers was reported across the various schemes, meaning some of the most vulnerable customers may not have accessed support they were entitled to.
- 21 From October 2023, the Ofgem energy price cap will be set at an annual level of £1,923 for a dual fuel household paying by direct debit based on typical consumption, which reflects recent falls in wholesale energy prices.
- 22 As the current price cap remains 60% higher than winter 2021, the average household is likely to pay the same, or more than last winter.
- 23 Cornwall Insight further predicts bills could increase in January 2024 to £1,996 under the official price cap set by the UK's energy regulator Ofgem.
- 24 Following an urgent enquiry by Ofgem into the practice of forced prepayment meter installations by energy suppliers, an updated Code of Practice was introduced in April 2023, banning the practice for highly vulnerable people i.e. those aged over 85 and living alone. Further to this, Ofgem has now expanded the vulnerability criteria and confirmed that from 8th November 2023, the Code of Practice will become a mandatory part of suppliers' licence conditions, subject to enforcement action and fines if breached. According to Ofgem, currently no suppliers are carrying out involuntary installations unless they meet strict criteria.
- 25 Many local and national organisations including think tanks, charities and advice services are calling for a new policy framework focusing on new social tariff arrangements, to ensure sustainable, targeted support is available to low-income households spending excessive proportion of their income on energy bills.

Universal Credit (UC)

- 26 Universal Credit was first introduced in 2013, with the aim of streamlining and simplifying the benefits system and better supporting those on low incomes. The DWP plan to complete the implementation of UC with a three-track approach – natural migration, voluntary migration ('choose to move') and managed migration. Migration is essentially the process of moving a claimant from their legacy benefit onto Universal Credit. Legacy benefits include Housing Benefit. Pension Age benefit recipients are not impacted.
- 27 'Managed migration' (also known as 'Move to UC') is the final phase of the rollout of UC, wherein the DWP is gradually contacting working age legacy benefit claimants to notify them that those benefits will be ending and informing them of the need to claim UC instead.
- 28 The focus throughout the 2023/24 financial year is on migrating households claiming tax credits only (working tax credit and/or child tax credit).
- 29 The DWP began issuing Migration Notices to tax credit claimants in Leeds from August 2023, and Managed Migration activity is planned in all Jobcentre Districts nationwide by the end of the financial year.
- 30 Concerns have been raised nationally about the approach to Managed Migration, with Child Poverty Action Group's analysis of DWP figures showing 'of those sent a migration notice between November 2022 and March 2023, 28% did not claim UC and had their current benefit payments terminated. By the end of this financial year, the DWP plans to have sent 500,000 tax-credit claiming households a migration notice, requiring them to claim UC. If the proportion of 'no-claims' stays at 28%, 140,000 households could have their current benefits stopped'.
- 31 Research by Trussell Trust (September 2023), highlights 32% of working families receiving UC reported struggling to heat their homes in the last six months, and 21% were unable to make essential journeys (for example, travel to work or school) because they couldn't afford the cost of fuel or public transport.
- 32 In addition, analysis from Joseph Rowntree Foundation estimates the weekly UC standard allowance is £35 less than the cost of essential items for a single person, and nine out of ten households are going without at least one essential such as food or heating.

33 Both charities are now leading a petition calling for the introduction of an Essentials Guarantee within Universal Credit to ensure that the basic rate at least covers life's essentials, such as food and bills.

34 **Local partner update**

35 Since the last Cost of Living Update report submitted in July 2023, the exceptional pressure on services, staff and customers has continued.

36 Advice partners locally have continued to report increased levels of safeguarding issues, particularly in respect to complex mental health issues and suicide. As reported in July 2023, customers affected by these issues are increasingly reliant and returning to advice services, with long waiting lists and difficulty accessing appropriate specialist support services cited as additional barriers.

37 Evidence from frontline advice services continues to demonstrate 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 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.

38 In addition to concerns raised nationally, health partners in Leeds recently provided evidence at strategic Cost of Living and Welfare Meetings of the increasing clinical impact of the cost of living.

39 Low-income working households, not entitled to support with prescription charges are being particularly impacted, as well as patients with multiple illnesses, that are unable to afford each separate prescription or the cost of prepayment cards. This has led to individuals trying to prioritise prescriptions i.e. short-term antibiotics or long-term medication.

40 Outbreaks of conditions such as scabies are indicative of deprivation and recent cases of a severe, recurrent and persistent nature has been directly attributed to people being unable to afford the necessary prescriptions and treatment.

41 While the links between specific issues such as money problems and mental health, fuel poverty, poor living conditions and respiratory health, as well as food poverty and malnutrition, are longstanding and well recognised, the cost of living is further compounding the situation and leading to locality related problems including:

- Correlations between cases of lead poisoning in areas of the city with poor housing stock, attributable to children ingesting peeling paint from old pipes.
- Increasing numbers of patients with malnutrition; unable to access hot meals except for takeaway food due to the cost of food and energy. This issue is particularly prevalent in areas densely populated by fast food takeaways offering cheap but nutritionally poor meals.

Local Action

42 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 2022 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.

43 Regarding framing the response in the city, the work areas and actions emerging from the meetings have focussed on awareness and understanding of support available, developing practical support to enhance existing services, and ensuring funding available is coordinated and maximised. Please see **appendix 2** for full details of work undertaken, and **appendix 3** for the Equality, diversity, cohesion and integration screening.

44 As winter 2023/24 commences, these project areas are being reviewed and updated. Key upcoming workstreams include:

Communications and engagement

45 Review and update of the Together Leeds campaign site to ensure all cost-of-living information and advice is up to date and accurate for winter 2023/24. Dedicated social media content will be deployed, including winter wellbeing guidance. Online content is complimented by a wide range of offline activity such as 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

46 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.

47 Work to update the Leeds Money Information Centre (MIC) 'Managing your Money' booklet has now been completed. Printed copies have been distributed to all community hubs, libraries, and housing offices, and have also been made available to financial inclusion partners alongside the full range of MIC printed resources – posters, flyers, business cards and concertinas.

48 The Financial Inclusion Team are also continuing to provide training and awareness sessions for a range of frontline services including LCC children's services, customer services, as well as external partners and third sector volunteers. Future sessions are also being confirmed for LCC Gas Operatives and Housing Leeds.

Practical Support

49 Following the success of the 'Warm Spaces' project in winter 2022/23, the project will be resumed from November 2023 to March 2024. After consultation with organisations who hosted services about their preferred name, the project will operate under the name 'Welcome Spaces'. Host organisations include LCC Community Hubs and Libraries as well as third sector and faith-based organisations supported by Voluntary Action Leeds and other strategic partners. Funding for the scheme has been secured from the Household Support Fund and West Yorkshire Combined Authority, and Leeds Community Anchor Network (LCAN) will take a central role in awarding grants to third and faith sector host organisations, helping to coordinate the network at the local level.

50 Building on the project delivered in 2022/23, Zero Waste Leeds' Winter Coat Appeal will also resume this winter, with delivery expected to run from October 2023 to March 2024. The scheme collects and distributes good quality, clean coats across selected community locations including community hubs and libraries. Additional work is also being undertaken to link the project with Welcome Spaces.

Funding

51 Efforts have continued to focus on ensuring short term funding such as the Household Support Fund, Holiday Activity and Food Funding, the West Yorkshire Mayoral fund and allocations of the UK Shared Prosperity Fund are prioritised to support people most impacted by the cost-of-living crisis (including via third sector partners in the city), whilst adhering to the criteria of the different funds and differing timescales for delivery.

52 In terms of the Household Support Fund, which is part of the government's package of Cost-of-Living support focussed on providing food, fuel, and essential items to support vulnerable households, announcements are yet to be made on whether this will be continued beyond March 2023. The allocation for Leeds between April 2023 and March 2024 was £14.2m.

Reporting

53 Attached as **appendix 1** to this report is the Cost-of-Living Dashboard for Leeds which brings together detailed data and analysis as of **September 2023**. The dashboard is hosted on the Leeds Observatory, and work to enhance the dashboard through migration and integration with an online interactive platform continues.

54 Since June 2023, the 'City Operational Group' provided thematic meetings, concentrating on the impact of the Cost of Living on the following areas:

- Housing
- Child Poverty
- Crime & Community Safety
- Health inequalities
- Migration/Immigration & support for ethnic/culturally diverse communities
- Local Crisis Support
- Third Sector, Advice & Support

55 From October 2023, additional meetings for the group are now being confirmed to ensure new and emerging issues, workstreams and updates are captured and shared throughout winter 2023/24.

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 West Yorkshire 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 1: Cost of Living Dashboard September 2023
- Appendix 2: Cost of Living Action Plan
- Appendix 3: Equality, Diversity, Cohesion & Integration Screening

Background papers

None