

## Cost-of-Living - update report

Date: 20<sup>th</sup> November 2024

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.

Attached as **appendix 1** to this report is the 'Cost-of-Living Dashboard Monthly Summary' for October 2024. For further context, a link to the full online cost of living dashboard which brings together detailed data and analysis is also included.

This update follows the report to Executive Board in April 2024 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 Poverty and financial exclusion have been deep-rooted challenges in Leeds for many years. Despite significant work to address these issues locally, financial pressures and widening inequalities continue to impact households in Leeds and across the country.
- 2 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 April 2024 and provides update and context at both national and local levels.
- 3 The Cost-of-Living Dashboard which has formerly been attached as an appendix to previous versions of these reports, is now hosted online as a fully interactive tool/resource. This is complimented by a paper-based 'Cost-of-Living Dashboard Monthly Summary' document – now attached as **Appendix 1**.

## National Context

- 4 The rising cost-of-living has been a continual challenge in the UK since July 2021. Inflation reached a 41 year high of 11.1% in October 2022 and is currently 1.7% (as of September 2024).
- 5 Although inflation is currently marginally below the Government target of 2% and price increases have recently started to slow, they are still higher than the same point last year, when they were already exceptionally high.
- 6 Food inflation was 1.9% in the 12 months to September 2024, up from 1.3% in August.
- 7 The latest interest rate set by the Bank of England was 5% in September 2024. The rate has remained the same since August 2024.
- 8 According to ONS, the UK economy grew for two quarters in 2024, after GDP increased by 0.7% in the first three months of the year. However, this growth comes after the UK had fallen into recession at the end of 2023, when the economy shrank in the last two quarters.
- 9 The Resolution Foundation reports<sup>1</sup> the UK's wider economic backdrop remains a concern; *'with GDP per capita growth down 90% over the past 16 years... The UK has now experienced three recessions in the past 16 years. This record of a downturn occurring roughly every five years is far worse than their occurrence of roughly once every ten years during the second half of the 20th century.'*
- 10 Low-income households unable to afford the cost of essentials in normal economic conditions, have been the worst affected by the instability seen since the COVID-19 pandemic, and throughout the Cost-of-Living Crisis. This has led to the emergence of 'deficit budgets' as a primary challenge, where income is lower than outgoings even after all debt and advice solutions are put in place. Locally, financial inclusion partners report the impact of this includes widespread dependence on emergency/short term support, particularly from households unable to change their circumstances.
- 11 The demography of local Citizens Advice data reveals women, racially minoritised groups and disabled people/people with a long-term health condition all represent for advice at higher proportions than they are in the wider Leeds population, indicating these groups are being more severely affected by the cost of living than the overall population.
- 12 A survey of UK independent advice services by Advice UK (October 2024) found 90% reported an increase in demand over the last year, and 55% reporting they are not confident they can meet demand. Furthermore 61% stated they are likely to reduce or cut services within the next year due to financial constraints.
- 13 In its latest report on 'The Cost of Hunger and Hardship'<sup>2</sup> Trussell (formerly Trussell Trust) highlights that; *'Levels of hunger and hardship are more than a third higher than they were 20 years ago...9.3 million people face hunger and hardship across the UK, including 6.3 million adults and 3 million children. This represents one in seven (14%) people across the UK, and one in five (20%) children.'* In addition:
  - *More than half (53%) of people facing hunger and hardship live in a disabled family.*
  - *One in three (32%) people in single parent families face hunger and hardship.*
  - *Over a quarter (28%) of people living in Black, African, Caribbean and Black British families face hunger and hardship compared to 11% of people in White families.'*
- 14 In July 2024, the Government announced a national Child Poverty Taskforce and associated strategy.
- 15 Many measures announced in the Autumn Statement (October 2024) such as the investment in social housing, extension to Household Support Fund and UKSPF, rise in national living wage and state pension, support for carers and a reduction of max UC deduction level from 25% to 15%, provide assurances.

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<sup>1</sup> Resolution Foundation, May 2024 - [UK swiftly exits its third recession in 16 years • Resolution Foundation](#)

<sup>2</sup> Trussell – The Cost of Hunger and Hardship, October 2024 - <https://trusselltrustprod.prod.acquia-sites.com/sites/default/files/2024-10/Cost%20of%20hunger%20and%20hardship%20Interim%20report%202024%204.pdf>

16 However, there was no indication in terms of Holiday Activity Fund (current 3-year fund set to end March 2025) and the impact of the acceleration of UC Managed Migration for those currently in receipt of Employment and Support Allowance, proposed changes to the Work Capability Assessment (first announced by the previous Government but reconfirmed in the Autumn Statement) and continued freeze to Local Housing Allowance are of concern.

### **Cost-of-Living Support - National**

- 17 Despite overall national economic conditions somewhat stabilising in recent months, household costs have not returned to levels seen prior to the Cost-of-Living crisis.
- 18 Household Support Fund is now the last national Cost-of-Living support measure in place and Leeds has developed a successful mixed delivery approach as referenced in all previous Cost-of-Living Update reports for Executive Board (see appendix 2 for latest details on Leeds implementation).
- 19 The scheme is well-established locally (and nationally) and while the fund has provided relief in the immediate term, the pattern up until recently of short-term extensions, lead times and changeable guidance criteria seen since 2021 has resulted in uncertainty and instability.
- 20 Coupled with a lack of alternative funding options, and budgetary pressures for local authorities, the dependency of the Council, partner organisations and individual household recipients on short term funding for essential welfare solutions is problematic.
- 21 As referenced earlier in this report, the 2024 Autumn Budget included a yearlong extension to Household Support Fund (March 2025-26). The early notice is a favourable change, providing opportunity for planning and contingency measures to be considered.

### **Energy Support**

- 22 Between 1 October to 31 December 2024 the Energy Price Cap (Ofgem) is set at £1,717 per year for a typical household using electricity and gas paying by Direct Debit. This is an increase of 10% compared to the cap set between 1 July to 30 September 2024 (£1,568).
- 23 Changes to Winter Fuel Payments, announced in August 2024 will result in a reduction in the number of pensioner households receiving energy related support.
- 24 First introduced in 1997, Winter Fuel Payment amounts have varied, but in most years the amount has been £200 for households where the oldest person is under 80, and £300 for households with someone aged 80 or over.
- 25 From winter 2024/2025, only households in receipt of Pension Credit or certain other means-tested benefits will receive Winter Fuel Payments. The change is intended to ensure only those most in need receive the payment.
- 26 Pension Credit is a historically underclaimed benefit, with around 880,000 older people eligible but not currently claiming. Local and national charities have also highlighted the challenge for low-income households just above the threshold for benefits, who will not be eligible for support.
- 27 Work to increase uptake of Pension Credit has been ongoing nationally and locally for many years, including via regular national campaigns by the DWP. In September 2024, the DWP undertook a 'week of action', utilising various advertising channels and requesting support from local authorities.
- 28 Leeds City Council, Elected Members and partners including Leeds Older People's Forum and Age Friendly Leeds supported the national campaign and distributed/displayed DWP materials, in addition to a range of additional promotions and activities such as a coordinated communications plan, events, clinics, creation of a staff/volunteer toolkit etc.
- 29 Led by Leeds Older People's Forum, a working group to increase Pension Credit has been in place in Leeds since 2022. Through participation with the group, Leeds City Council has established a project, identifying Council Tax Support and/or Housing Benefit claimants in the city who meet age, income, benefits characteristics of pension credit but are not actively claiming. Using this data, potentially eligible individuals are being contacted and encouraged to make a claim. The pilot is proving successful, with at least 69 successful claims with yearly benefit gains of approximately £336,405.16 as of October 2024.

## Local update & key statistics

- 21% (176,376) of the Leeds population is living in relative poverty after housing costs are deducted from income<sup>3</sup>.
  - 22% (33,482) of children in Leeds, were estimated to be living in relative low-income families before housing costs<sup>4</sup>.
- 30 The Cost-of-Living Dashboard (formerly attached as an appendix to previous versions of these reports), is now hosted online as a fully interactive tool/resource. This is complimented by a paper-based 'Cost-of-Living Dashboard Monthly Summary' document – now attached as **Appendix 1** (The weblink to the interactive dashboard is included in the attached 'Cost-of-Living Dashboard Monthly Summary' for further context).
- 31 Key data highlights include;
- In the year to June 2024, the rate of Employment in Leeds was 69.7% (359,900 people), This is below the national rate of 75.4% and is a fall since April-March 2023 when it was 76.4%.
  - In August 2024, there were 90,712 Universal Credit claimants in Leeds. The number of UC claimants has continued to increase since January 2022. This can be attributed to both increased levels of need and the roll out of UC Managed Migration.
  - According to the latest available data (August 2024) around 37% of UC claimants are in employment, and 63% of UC claimants in Leeds are not employed.
  - As of April 2023, although the median average wage for Leeds residents was £15.43 per hour, an estimated 44,968 (14.3%) Full Time Equivalent (FTE) Leeds residents earned less than the 2023 Living Wage of £10.90 per hour.
  - The real term impact on Leeds residents estimates the lowest (10%) of earners, saw a weekly loss of 6% (£12), in comparison to the top 10% of earners who lost only 4% of their income (£46), highlighting how those on the lowest incomes continue to be hit the hardest by inflationary impacts and the Cost-of-Living.
  - The total number of enquiries seen by Leeds City Council's Welfare Rights Unit in 2023/24 was 3215, a significant year on year increase since 2020/21 (1140 enquiries)
  - Local Citizens Advice data shows by the end of quarter 1 2024/25, total enquiries increased by 42.5%, from 16,228 in quarter 1 of 2023/24 to 23,125 in quarter 1 of 2024/25.
  - Enquiries on benefits (including UC and tax credits), utilities, debt, housing and foodbanks were the most sought-after areas of advice.
- 32 Since the last Cost-of-Living Update report submitted in April 2024 the exceptional pressure on services, staff and customers has continued.
- 33 Funding instability and cuts to local authority, NHS and third sectors continue to compound the situation, with prolonged exceptional pressure challenging the operations of services, at a time of rising need.
- 34 The cost-of-living has resulted in increased demand for food aid provision, with charities and third sector organisations currently utilising surplus, donations, and purchasing options to maintain their supplies. Considering changes to the supply chain of surplus food and continued uncertainty around funding opportunities, Leeds Food Aid Network and key partners, supported by the Financial Inclusion Team, facilitated a workshop on the 26th of September to initiate discussion with food aid organisations and stakeholders about the ongoing challenges. The workshop marks the beginning of an ongoing conversation about the complex issues faced and hopes to generate realistic options for building sustainability into the approach in Leeds.

## Local Action

- 35 Strategic and operational 'Welfare and Cost-of-Living' meetings, linked to the Best City Ambition and breakthrough priority around integrated city-wide welfare support, have met regularly since September 2022 and are now firmly established in the City's approach to Welfare provision, reflecting the '#TeamLeeds' approach.

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<sup>3</sup> Leeds Poverty Factbook: <https://observatory.leeds.gov.uk/leeds-poverty-fact-book/>

<sup>4</sup> As per footnote 4.

- 36 The work areas and actions emerging from the meetings focus on awareness and understanding of support available, developing practical support to enhance existing services, and ensuring funding available is coordinated and maximised. Recent developments have included attendee ensuring the work aligns with other strategies such as the Leeds Food Strategy and Child Poverty Strategy – as reported to the Council’s Executive Board in September 2024. Please see **Appendix 2** for further details and updates of work undertaken to date. These project areas are continually reviewed and updated with seasonal considerations. Key workstreams include:
- 37 Review and update of the **Together Leeds campaign website** and content, ensuring all Cost-of-Living information and advice is up to date and seasonally accurate alongside dedicated social media. Winter 2024 content will include Pension Credit and Winter Fuel Payment, winter wellbeing, Welcome Spaces and Winter Coat Appeal etc.
- 38 Online content is complimented by a range of offline activity, particularly via **Welcome Spaces and the Winter Coat Appeal**. Delivery for both projects will commence in Community Hubs and Libraries from the 21<sup>st</sup> October, with details of third sector delivery to follow.
- 39 **Leeds Money Information Centre (MIC)** continues as the main signposting opportunity for money advice in the city. Printed copies of MIC resources are distributed to and via key locations in the city, including a new Benefits Advice flyer. Review and improvements to the MIC website are now also underway, with a view to ultimately migrating the site to the Drupal platform.
- 40 The Financial Inclusion Team continue to provide **training and awareness sessions** for frontline services including LCC, external partners and third sector volunteers. Bespoke briefing sessions and discussions relating to key financial inclusion issues and initiatives have also been delivered recently for groups including Age Friendly, Leeds Community Anchor Network Leadership, Headteacher working groups and LCC Strategic Forums.
- 41 Continued focus on ensuring funding such as the **Household Support Fund, Holiday Activity and Food Funding, West Yorkshire Mayoral Fund and UK Shared Prosperity Fund** are prioritised to support people most in need (including via third sector partners in the city), whilst adhering to the criteria of the different funds and differing timescales for delivery.
- 42 In addition, the Equality, diversity, cohesion, and integration screening undertaken with respect to the work is attached as **Appendix 3**.

### **What impact will this proposal have?**

- 43 The proposal sets out how the Council and partners are adopting a strategic, coordinated, and collaborative response to the Cost-of-Living crisis. As continually reported, many of the projects and initiatives referenced are short term, with minimal lead times due to short term funding. The key challenges for the council and partners centre on how to make long-term differences to the people of Leeds.

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

Health and Wellbeing                       Inclusive Growth                       Zero Carbon

- 44 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. Furthermore, the approach adopted has been undertaken as a #TeamLeeds approach.
- 45 In the longer term 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.
- 46 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’ included in this report, attached as **Appendix 3**.

### **What consultation and engagement has taken place?**

Wards affected:

Have ward members been consulted?  Yes  No

47 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?**

48 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?**

49 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.

50 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.

51 An additional risk on Third Sector Sustainability also appears on the Corporate Risk Register – the risk that third sector organisations will not be able to deliver due to reduced funding and increased demand. We continue to work with partners on increasing the resilience of the sector through the ongoing management & delivery of the city owned Third Sector Strategy 2023-28. This strategy sets out a path for more detailed and longer-term work around key areas such as social value and inward investment.

### **What are the legal implications?**

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

## **Options, timescales and measuring success**

### **What other options were considered?**

53 No other options have been considered.

### **How will success be measured?**

54 Success will be measured by update reports and the Cost-of-Living dashboard.

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

55 Implementation is immediate and continuous.

## **Appendices**

- Appendix 1: Cost-of-Living Dashboard Monthly Summary
- Appendix 2: Cost-of-Living Action Plan
- Appendix 3: Equality, Diversity, Cohesion & Integration Screening - 'Cost-of-Living and Welfare strategic and operational arrangements'.

## **Background papers**

None