

Reducing Poverty and Improving Financial Inclusion

Date: 17th October 2022

Report of: Chief Officer Customer Access and Welfare

Report to: Scrutiny Board Environment, Housing and Communities

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

A full and detailed account of the cost-of-living crisis, as well as the local approach and activity undertaken over the past year was provided to Executive Board in July 2022. (Report attached)

As requested by the Environment, Housing and Communities Scrutiny Board, this report provides a local partner update since July 2022, in terms of poverty and financial inclusion, with particular focus on the impact of the cost-of-living crisis. The report also provides an update on Universal Credit in the City.

Recommendations

- a) To examine the content of this report and the attached Executive Board report on 'Understanding and addressing the Cost-of-Living Crisis'.
- b) To review the evidence and approach being taken in respect to reducing poverty, and improving financial inclusion in the city, with consideration as to the emerging cost of living crisis.

What is this report about?

1. In January 2022, The Environment, Housing and Communities Scrutiny Board received an annual update on the work undertaken by Leeds City Council and partners to reduce poverty and improve financial inclusion in the city.
2. In response to the emerging national 'cost of living crisis', a report was provided to the Executive Board in July 2022, further setting out the national and the local approaches to addressing the crisis (attached as appendix one). Executive Board agreed steps to embed tackling poverty and inequality through the three pillars of the Best City Ambition and its performance framework as well as a cross-sector breakthrough priority.
3. Given the significance of the cost-of-living crisis and the evolving situation, it was considered appropriate for a further report to be submitted to The Environment, Housing and Communities Scrutiny Board for September 2022, to provide an update on poverty and financial inclusion in the city, including new national measures implemented, local key actions, programmes and partner updates.
4. With the agreement of the Chair, the meeting of the Environment, Housing and Communities Scrutiny Board planned for Thursday 15th September 2022 was cancelled due to the passing of Her Majesty, Queen Elizabeth II, and the national period of mourning that duly followed.

5. This report has now been amended to provide an accurate picture of local partner updates, as well as national changes and announcements up until the end of September 2022.

6. **Background information**

7. Poverty and financial exclusion have been deep-rooted challenges for many years, but key factors affecting the current financial climate in 2022 have further escalated the situation, leading to what is now being described as the 'cost-of-living crisis'.

8. The 'Understanding and addressing the Cost-of-Living Crisis' Executive Board report provides a comprehensive overview of the cost-of-living crisis and the impact that this is having on households living on the lowest incomes in Leeds. The report also highlights wider economic forces exacerbating the crisis and details the local approach to welfare support and tackling poverty.

9. **Main Issues**

10. Since July the situation has further intensified.

National context

11. Inflation reached 10.1% in July, the highest reading since 1982, however according to the Resolution Foundation, households on the lowest incomes were already experiencing inflation of 10.9%.

12. In August, the rate of inflation unexpectedly reduced (for the first time in 11 months) to 9.9%, below market forecasts of 10.2%.

13. Motor fuels prices (32.1% vs 43.7% in July) making the largest downward contribution. However as reported by Trading Economics, food costs rose faster (13.1% vs 12.7%), and prices for housing and utilities went up 20%, the same as in July, with actual rents rising 4% (vs 3.8%) and electricity 54% (the same as in July) and gas 95.7% (the same as in July).

14. On 22nd September the Bank of England raised interest rates by 0.5% percentage points to 2.25%, the highest increase in 14 years.

15. On the 23rd September, the Government's 'Mini Budget', confirmed cuts to basic income tax (19% from 20%) reduction in stamp duty and the previously implemented rise in National Insurance contributions to be reversed from 6th November. In addition, it was announced that 45% rate of income tax for high earners would be abolished, this decision has since been reversed.

16. Changes to Universal Credit Administrative Earnings Threshold were also announced as part of the mini budget. These changes will result in more people being required to undertake intensive work search requirements, with sanctioning in place for those who do not fulfil job search commitments. Jobseekers over the age of 50 will also be given extra time with work coaches to help them return to job market.

17. The International Monetary Fund have stated that they believe the measures announced within the mini budget will increase inequalities. The confirmed tax cuts are focused on higher-income households. An assessment by The Resolution Foundation suggests that despite the decision to scrap the abolition of the 45% income tax rate, the wealthiest 5% of households will still stand to gain £3500 on average next year compared to £90 for the poorest fifth of households.

18. Although the cost-of-living crisis is impacting most households in the UK, specific concerns in relation to poverty and financial exclusion include the risk of more households falling into poverty, and the direct impact on those already experiencing low income, poverty and destitution.

19. **National support updates July – September**

20. Over 7.2 million payments of £326 have been made through the government's Cost of Living support. The first payments were made on 14 July 2022, with the second instalment of £324 due later this year. Additional qualifying Tax Credit customer payments began on 2nd September, and Disabled Cost of Living Payments on 20th September.
21. July 2022 saw the introduction of the DWP Cost of Living Stakeholder Toolkit - a range of materials for employers and partners to use, promoting support available. The public 'Help for Households retail campaign' was also launched - Deals with large businesses including supermarkets, designed to reduce costs, provide entertainment and ensure access to necessary services for families over the summer holidays, back to school, autumn pressures and Christmas retail periods. All deals are hosted on the new GOV 'Help for Households' website.
22. All domestic energy customers in Great Britain will receive a £400 grant to help with the cost of their energy bills through the Energy Bill Support Scheme (EBSS).
23. In September, the new Prime Minister announced further measures to support households with the cost of energy. This included the Energy Price Guarantee (EPG), limiting the price of gas per unit for customers. Applicable from 1st October, the EPG will reduce the unit cost of electricity and gas so that a household with typical energy use in Great Britain pays, **on average**, around £2500 a year on their energy bills for the next 2 years. For an individual customer, the amount paid under the EPG will vary depending on how much energy they use, where they live, how they pay for their energy and their metering arrangement. The £2,500 figure is based on a household with typical consumption on a dual electricity and gas bill paying by direct debit. Businesses will also see their energy costs capped at the same price per unit for an initial six month period. The freeze also includes the temporary removal of green levies on household bills.
24. The current price cap is £1,971 for those on default tariffs and £2,017 for households on a prepayment meter, the previous proposed increase was due to be £3,549.
25. Measures to impose a legal duty to ensure landlords pass on the equivalent EBSS discount/support to tenants who's energy bills are included in their rent or service charge, as well as creation of a separate fund to support households who do not pay directly for mains gas and electricity, (i.e. those living in park homes, using heating oil or on heat networks) were also confirmed.
26. In addition, the Government also announced further measures to secure the UK's supply of Energy including new oil and gas licensing, lifting the ban on fracking, and a new Energy Supply Taskforce.
27. The Government have advised no household should be asked for bank details to access the energy bills discount, however concerns remain that customers may still be impacted by scams or fraud associated with Government measures, as previously seen during the pandemic.
28. Although the energy support measures announced to date have been welcomed, the average energy bill will still have doubled in the space of a year. Particularly for households on the lowest incomes, the support in place is unlikely to be enough to mitigate the combined impacts of the cost-of-living crisis.
29. By the end of July 2022, Citizens Advice nationally had already supported over 120,000 people with access to food banks and other support - more than numbers seen in 2019 and 2020 combined. In addition, clients presenting with negative budgets (meaning that people are unable to make debt repayments) increased from 38% in 2021 to 46% in 2022.

30. **Local Support Updates**

31. Leeds City Council and partners across the city have been recognised for the work undertaken to reduce poverty and tackle inequality for many years. Throughout ten years of austerity and reduced public sector budgets and resources, Leeds has employed a highly effective collaborative and co-ordinated approach to tackling poverty.
32. **Full details on the current picture of welfare support being provided in Leeds, via Council services; Leeds Benefit Service (i.e. Council Tax Support, Free School Meals and Discretionary Housing Payments), Healthy Holidays and Household Support Fund, as well as financial inclusion activities such as the Money Information Centre Resources are provided in the attached Executive Board Report on the Cost of Living Crisis and can also be found here ([Corporate report template for committee and officer decisions \(new\)](#) (leeds.gov.uk).**
33. The following updates have occurred since this report was published for the September Scrutiny Board;
34. **Welfare Breakthrough Group:** Initial scoping for the breakthrough Welfare Group is now underway through both strategic and operational level meetings. Each regular meeting includes a wide range of representatives from key organisations and services across the city including Leeds City Council (cross council), NHS, Public Health, FareShare Yorkshire, VAL, Forum Central, DWP and the Leeds Food Aid Network. The aim being to build on the work already underway to ensure further co-ordination and integration in terms of communications, resources and practical support available.
35. **Household Support Fund:** In response to the cost-of-living crisis the government announced a continuation of the Household Support Fund from October 2022 to the end of March 2023. The funding is allocated to all local authorities across the country and is to be used to support low-income households with the costs of energy, food and essential items. The allocation awarded to LCC for this period has now been set at £7.1 million (same as the previous 2 rounds). Previous rounds of this funding have been used in Leeds to give households on the lowest incomes additional payments towards energy bills, increase emergency assistance through the Local Welfare Support Scheme and to a range of third sector organisations to provide support directly. Proposals for the new round of funding are currently being developed.
36. **Warm Places:** Led by Leeds City Council, VAL, Forum Central and Leeds FAN, a citywide coordinated approach to the provision of 'warm places' for vulnerable people during the winter months is currently being established. Community Hubs and Libraries have confirmed participation, and a comprehensive list of all Council, third sector and other organisations offering the free provision will be made available. Wrap around support including food, activities and access to advice services will also be included.
37. **Together Leeds:** A new digital campaign page, dedicated to providing help with the cost of living has now been launched through the Leeds.gov.uk website, this includes links to the Leeds Money Information Centre website and updated information on energy saving measures through affordable warmth initiatives- <https://www.leeds.gov.uk/campaign/cost-of-living>.
38. In addition, full details of the Local Welfare Support Scheme can be found in the September 2022 Scrutiny Board Report 'Local Welfare Support Scheme Review Update Report'
39. This report provides updates from key partners in the city, including DWP, Welfare Rights, and other advice services in order to compliment the Cost of Living, Executive Board Report.

40. **Universal Credit- update from DWP, Housing Leeds and Citizens Advice**

41. As of July 2022, there were 71,344 people claiming Universal Credit in Leeds – a small reduction since July 2021 (72,988 UC customers).

42. **Housing Leeds**

43. At the end of July 2022 16,042 Housing Leeds tenants were claiming UC full service. 44.3% of these claims have a Managed Payment to Landlord (MPTL) in place (The Housing Cost element of UC is paid directly to the UC claimant by default, but a direct to landlord payment can be made where the tenant has more than 2 months arrears or where circumstances, as defined by DWP, make this appropriate to support the tenant)

44. **DWP**

45. Managed Migration – Plans have yet to be announced for the expected roll out of managed migration in Leeds. Nationally, from May 2022, DWP implemented a 'phased approach' to Managed Migration, resulting in legacy benefit customers in a small number of specific locations being informed of the need to move to Universal Credit. (JSA - income based, ESA - income based, Income Support, Incapacity Benefit, Housing Benefit, Working Tax Credits and Child Tax Credit).

46. July 2022 saw the introduction of local Jobcentres being able to verify the identification of children for UC customers, reducing the waiting time of parents receiving the Child Element payment within their UC claim.

47. The 'Way to Work' campaign, (January-30th June 2022), focused on getting 'job-ready' people off Universal Credit and into work, filling vacancies which are at a record high. Nationally 513,109 UC customers moved into work. West Yorkshire's figures were 21,930, of which 7449 were from Leeds.

48. In April - June 2022, over 300 employers attended recruitment events in Leeds Jobcentres. The SWAP (Sector-based Work Academy Programme) worked well within Leeds, with 893 customers starting a SWAP, nearly double the expected number of 450.

49. As COVID-19 Restrictions eased during 2022, DWP have resumed a 'business as normal' approach. Re-deployed staff have returned to their original roles and some Fixed Term Contracts have ended, seeing a reduced headcount amongst the Leeds Jobcentres.

50. Regular onsite delivery of face-to-face appointments with customers has been reinstated, with partners and providers, such as Citizens Advice and Leeds Employment Hub returning to Jobcentres to deliver support. Co-location arrangements with Housing Leeds have also resumed, providing advice, guidance & support in relation to social housing applications.

51. To support the increase in Universal Claims during the pandemic, three temporary sites were opened in Seacroft, Kirkstall and the city centre. While there are no current plans to close these sites, Eastgate Jobcentre will be closed by March 2023, with an objective to move colleagues and services to alternative sites that offer improved facilities for colleagues and customers. Current Eastgate staff will be relocated to Park Place Jobcentre (0.9miles away).

52. The Social Justice Team continues to be a key element of local delivery, supporting some of the most vulnerable customers in Leeds in the community. Alongside key partners, the Social Justice Team also supports Leeds Afghanistan Resettlement customers; completing claims for Universal Credit and supporting individuals and families to move closer and into the Labour Market. As customers have been re-housed and numbers have reduced, this support is now managed from one hotel and at Southern House Jobcentre to further the integration within the community.

53. The Youth Employability Coach (YEC) role works alongside the Social Justice team in Leeds - mirroring the offer and working with a range of partners and organisations to provide a tailored, focused and intensive level of support to youth customers with multiple barriers to work and

complex needs, for 6 months depending on individual needs. YEC attends the Youth Hub on Dewsbury Road on a weekly basis, alongside different providers, to reinforce wrap round support available in an informal, relaxed environment. The YEC Team manage a caseload of 470 vulnerable under 24 year olds, including 16/17 -year- olds with no parental support and Care Leavers.

54. Supporting customers through the Cost of Living issues is paramount to Jobcentres. This includes;
 - Promotion of the MIC (Money Information Centre) via the website and promotional flyer materials, available in every Leeds Jobcentre.
 - Working with the Better Leeds Communities organisation DWP have arranged for a regular presence within a jobcentre for Work Coaches to refer customers for support – with a view to extending this offer to further local Jobcentres.
 - Upskilling Work Coaches to ensure customers are aware of all support i.e Flexible Support Fund, the availability of pausing any Advanced Payment re-payments, local Food Bank information and the promotion of any local charity/organisations offering various levels of support.
55. Next steps focus on building on the already established relationships with external partners and providers, procuring new provision relevant to the city's changing demands and working collaboratively to ensure customers receive not only the correct benefit payments but appropriate upskilling, guidance, advice, and support in moving forward in their daily lives.
56. **Citizens Advice – Help to Claim (H2C) - April-July 2022**
57. The DWP funds a Help to Claim service for Universal Credit claimants. H2C provides support for new claimants up to receipt of their first payment.
58. Up to March 2022 the H2C service provided advice through face to face, telephone and digital channels and was delivered by local Citizens Advice offices in their areas.
59. Since April 2022, following a procurement exercise, the H2C service is delivered through national telephone and digital channels only. Citizens Advice Leeds is one of the local offices delivering the service, answering enquiries from across England and Wales.
60. From April to July 2022, CAL responded to 24,074 UC enquiries through the H2C service. They responded to a further 10,318 UC enquiries from local residents not eligible for the H2C service (i.e. they had already received their first UC payment). Total UC enquiries (34,392) represented 40% of all the organisation's enquiries.
61. Data from the Help to Claim Service also shows;
 - 3279 unique clients advised in relation to UC.
 - 42% of those clients identify as being disabled or having a long term health condition.
 - 35% of UC clients rent their home from the Local Authority or a Housing Association and 27% rent from a private landlord.
 - 24% of those advised were from BAME communities.
 - 60% of clients were female and 40% male.
62. 70% of UC clients have been advised via the telephone, 24% via webchat and 6% via email
63. **Advice services including LCC Welfare Rights (April – July 22 data)**
64. Key themes from advice partners in the city include:
 - Claims to Personal Independence Payment (PIP) remain a significant and challenging area of work both in terms of new claims and appeals. New PIP claimants are waiting an average of 5 months to receive an award – causing distress, uncertainty and hardship for claimants. In addition, tribunal appeal representation services are vital to counter poor quality decision

making, which results in high numbers of nil awards. (National figures show 61% of PIP decisions are changed following tribunal appeal)

- Despite the warm summer, 'winter level' demand for fuel vouchers is already being seen. Further increases in fuel and utility enquiries on top of the current (elevated) demand are also predicted in line with Energy Price Cap changes. Affordability and self-disconnection are likely to be key issues.
- The citywide, multi-agency approach ensures that where services are fully booked, customers are able to access support via partners including Money Buddies/EGAC, Better Leeds Communities, Citizens Advice and St Vincent's, coordinated via Leeds and West Yorkshire Debt Advice Network (chaired by EGAC).
- Uncertainty around the Money and Pension Service debt advice contracts continues to cause challenges for recruitment and retention of debt advisors across the city.
- Demand for debt advice is rising and becoming more complex, along with high levels of associated safeguarding and mental health concerns, including suicidality.

65. **Citizens Advice Leeds (CAL) & Chapeltown Citizens Advice (CCA)**

66. Of all benefit enquiries, the largest issue continues to be UC followed by enquiries relating to Personal Independence Payments. With respect to UC, the largest proportion (48%) of enquiries relates to the initial claim, followed by the Housing Element and Calculation of income, earnings & capital which each equate to 10% respectively.
67. Employment enquiries have increased slightly in 2022, and although overall there has been a slight fall in debt enquiries, this does not necessarily reflect a fall in demand – advisers are spending more time on individual complex cases, reducing the number of clients they are able to help. In addition, some local callers are now assisted via the CA national debt line (established 2021).
68. Fuel debts and Council Tax arrears continue to be the largest debt enquiry areas. Fuel debt and utilities enquiries increased significantly, attributable to the first price cap increase in April 2022.
69. In terms of client demographic, 36% of clients were from households with dependent children, 87% were from working age clients, 49% had a long term health condition or disability and 39% of clients were from BAME communities.
70. **Ebor Gardens Advice Centre/Money Buddies**
71. Money Buddies and Ebor Gardens advice centre provide face to face services from 23 centres in Leeds, including St James and LGI hospitals. This is set to increase to over 30 centres by the end of the year.
72. From September 2022, Trussell Trust have commissioned Money Buddies for a minimum of 2 years to provide support to their foodbank users across 12 sites in Leeds. This will include a Debt adviser on one site a day.
73. The service is already close to meeting MaPs annual targets (set to January 2023) in terms of people advised by the debt team.
74. Increasing numbers of enquiries are now being received from public and private sector businesses, seeking support for staff, in addition to requests for staff training and approaches from National and Local media for advice, guidance and commentary.
75. The service is becoming increasingly reliant on volunteers to meet high levels of need, impacting training and budget capacity.
76. The Money Buddy Energy Plus Project is scheduled to end 31st October 22, however further funding options are being explored.
77. **Welfare Rights Unit (WRU)**

78. WRU assisted 9,748 clients compared with 9,223 in the same period in 2021, reflecting the steady increase in work areas to pre pandemic levels.
79. The biggest area of work continues to be disability benefits, particularly Personal Independence Payment (PIP). Latest DWP figures show for the quarter ending April 2022, the number of new claims reached the highest level since PIP was introduced in 2013. Of awarded claims, 77% were for less than 2 years, giving little long-term stability for disabled claimants and increased pressure on WRU and other advice services.
80. It is vital that WRU are able to support customers with PIP applications in order to have the best chance of success with an award, however a comprehensive representation service for tribunal appeals is also essential. In the first 6 months of 2022, 146 requests for help with tribunals were received. With high numbers of new claims being made, high refusal rates and the length of time waiting for a decision, it is expected this number will continue to increase over the next year.
81. At present the service is also providing daily face to face support for Ukrainian families arriving in Leeds at Reginald Hub. As of 31st July 2022, 341 families have been assisted with such enquiries.
82. The service has noted an increase in 'cost of living' enquiries; with greater demand for benefit checks, help with council tax and information about cost of living schemes. Given current financial forecasts, it is anticipated this will increase.
83. **What next**
84. As outlined fully in the Cost-of-Living Report, submitted to Executive Board in July 2022, poverty and financial exclusion have been deep-rooted challenges for many years, but key factors affecting the current financial climate in 2022 have further escalated the situation, leading to the 'cost-of-living crisis'.
85. Low income households and those already facing poverty and destitution are being disproportionately, and the most severely impacted. There is also a recognised risk of more households falling into poverty, and as well as a concern that welfare support services – both statutory and third sector may become unable to meet demand.
86. Leeds has employed a highly effective collaborative and co-ordinated approach to tackling poverty for many years, although ultimately it has not been enough to prevent increasing numbers of households falling into poverty and low income. As outlined in paragraph 34 above work is currently underway through a breakthrough Welfare Group to further coordinate and integrate the city's response to the cost-of-living crisis.
87. **What impact will this proposal have?**
88. The proposal will ensure that there is a strategic, coordinated and collaborative response to tackling poverty and ensuring financial inclusion in Leeds.
89. The focus of this report is on poverty and inequality which is protected equality characteristic. It sets out the impact of the cost-of-living crisis will have on households living on the lowest incomes in the city, the actions currently being undertaken to mitigate the impact and the proposed citywide approach. Equality, Diversity, Cohesion and Integration screening will be undertaken as appropriate for each future measure.
90. **How does this proposal impact the three pillars of the Best City Ambition?**
- Health and Wellbeing Inclusive Growth Zero Carbon
91. The work of the Council's Financial Inclusion and Welfare and Benefits teams contributes to achieving Leeds Best City Ambition, which sets at its heart the mission to tackle poverty and inequality and improve the quality of life for everyone who calls Leeds home.

92. The cost-of-living crisis will impact all key pillars of the Best City Ambition.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

93. 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?

94. All of 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?

95. A corporate risk has been identified on Escalating Poverty. Further details of the risk can be seen in the Annual Corporate Risk Report, as presented at Executive Board Meeting – July 2022

What are the legal implications?

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

Options, timescales and measuring success

What other options were considered?

97. No other options have been considered.

How will success be measured?

98. Success will be measured via update reports

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

99. Implementation is immediate and ongoing.

Appendices

- There are no appendices to this report

Background papers

- There are no background papers to this report