

Meeting Executive
Portfolio Area Leader of the Council
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COST OF LIVING CRISIS RESPONSE

KEY DECISION

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1 PURPOSE

- 1.1 To update Executive on the steps that Stevenage Borough Council and partners have taken already in responding to the cost of living crisis in this country, and
- 1.2 To agree the proposed actions as the basis for further development by the Council and key local partners to support local residents, businesses and community groups, and the Council, over the coming months.

2 RECOMMENDATIONS

- 2.1 That the draft Action Plan, attached at Appendix A, is agreed as the basis of an initial town-wide response to the cost of living crisis.

- 2.2 That the Council continues to work with key local partners, including through the Stevenage Together Partnership, to develop a coordinated response across agencies to support residents, businesses and community groups
- 2.3 That the Executive Member Cost of Living Working Group continues to oversee the development and implementation of the action plan, supported by the Officer Working Group, and reports back on progress to Executive again in December.
- 2.4 That Executive notes that the potential for reduced income from fee-based services and people struggling to pay council tax and/or rent, coupled with increased demand for services and higher costs, could significantly impact on the Council's short and medium-term finances. This will be closely monitored and reported to Executive as part of the Medium-Term Financial Strategy and budget setting process.
- 2.5 That the Portfolio Holder for Economy, Enterprise and Transport writes to the Secretary of State for Business, Energy and Industrial Strategy to request that the recently announced cap on the cost of energy for businesses for six months is extended to two years, in line with the cap on household energy costs, to provide certainty for local organisations.

3 INTRODUCTION

- 3.1 It is widely recognised and accepted that the United Kingdom is currently facing a cost of living crisis that is directly impacting all households and businesses to some extent.
- 3.2 The crisis is being driven by a number of factors, including (but not limited to) the cost of energy, food, fuel and other goods; the war in Ukraine and sanctions on Russia; highest levels of inflation for 40 years and rising interest rates; ongoing residual impact from the Covid-19 pandemic and Brexit. For businesses, other factors are also impacting such as increased supplier and material costs, challenges in recruiting and retaining staff, and transport costs.
- 3.3 Many households are already facing significant increases in household costs, with recent estimates suggesting as many as 4.4m households (1 in 6) across the country are in financial difficulties – up 1.6m since December 2021. A quarter of households now have no savings, while credit card debt is rising. This is likely to increase further as the winter period approaches.
- 3.4 It is also anticipated that the crisis will impact more significantly on the poorest and most vulnerable people in the country, including the lowest paid, single parents, people with disabilities and families with three or more children.
- 3.5 Whilst many steps have already been taken nationally and locally to mitigate the impact of the cost of living crisis as much as possible, it is anticipated that households and businesses (including the Council) will continue to face challenges for some time.
- 3.6 This report sets out the actions that have already been implemented, along with short and medium to long-term actions that it is hoped will help local residents, businesses and community groups, Council employees and the Council itself through this difficult period.

- 3.7 It is important to recognise that the Council alone cannot address or mitigate the potential impacts and is already working with partners to develop an understanding of the local situation and appropriate actions in response. This will continue throughout the crisis, in keeping with its commitments as a Cooperative Council.

4 IMPACT IN STEVENAGE

Residents

- 4.1 Stevenage is the most deprived Local Authority in Hertfordshire with over 73% of its LSOAs (Lower-layer Super Output Areas) occurring in the bottom 30% in the county. This means the impact on people in the town has the potential to be higher than in other areas.
- 4.2 Around 20% of households in the town are considered to be in poverty, and the percentage of working age people claiming Universal credit, levels of unemployment, and the proportion of lone parent households in the town are all above the average for the East of England.
- 4.3 The impact on residents is already been seen across three key measures: food, fuel and rent arrears.

Food

- 4.4 Based on research by the Local Government Association and Financial Inclusion Centre in January 2021, Stevenage households were the most worried about their food security compared to all other local authority districts in the East of England.
- 4.5 In addition, recent data about food poverty from Citizen Advice Stevenage indicates that the demand for charitable support (such as foodbank services) is now on the increase and likely to continue to rise. This mirrors national level data with almost 700 people a day being referred to food banks – up by around 300 on last year.
- 4.6 Hertfordshire has seen a 9% increase in pupils eligible for Free School Meals from Nov 2020 to June 2022, with Stevenage having the highest numbers in the county.
- 4.7 Recent Citizen Advice Stevenage data about requests for other types of charitable support has also seen an increase since Quarter 3 (2021). Requests include applications for grants available from Stevenage Community Trust, or Hertfordshire Community Foundation or other similar charities. This includes help with essential items such as small kitchen appliances and white goods, beds, mattresses and bedding.

Fuel

- 4.8 In January 2021 the percentage of Stevenage households experiencing fuel poverty was 12.7%, around the average for the East of England. Citizens Advice advised that nationally, energy debt is up from £350 per person in 2019 to £700 + in 2022.
- 4.9 This increase is having a disproportionate impact on disabled people due to their need to use more heating to stay warm, and charge up items of assistive

technology. Citizen's Advice has advised that it is seeing more disabled people with a cost of living issue than for all other issues.

- 4.10 Scope have reported that a third of disabled people have cut their energy consumption over the last year to afford their bills, 29% of working-age disabled people had struggled on costs, and nearly a quarter turned off heating even though the home was cold.
- 4.11 Nationally, Citizen's Advice is seeing a truly unprecedented number of people who can't afford to top up their prepayment energy meter, and therefore can't do the basics like turning on their fridge or heating their hob. By the end of June this year, more people had come to Citizen's Advice about fuel and energy poverty than in each of the past 3 years.
- 4.12 There has also been a significant increase in the cost of travel, with petrol and diesel prices hitting regular daily records in June 200 before a recent slight drop. Residual high prices will continue to influence people's decisions about travelling, whether that be for essentials such as work or socially (with the inherent mental wellbeing benefits that can bring).

Rent Arrears

- 4.13 Citizens Advice (CA) is reporting a steady rise of the number of its clients coming forward with rent arrears. Previously, Council Tax and Credit Card debt were the biggest contributory factors to debt levels, but this is no longer the case.
- 4.14 Cost of living challenges are directly impacting income collection and arrears recovery, with rent arrears collection in Quarter 1 2022/23 below target and increasing levels of complex cases. More people are being referred to Citizens Advice and Welfare team for support and these are taking longer to resolve due to the high complexity levels. CA has received 172 referrals since April 2022
- 4.15 The increase in the number of residents with concerns about rent arrears has also been flagged by the Hertfordshire Economic Recovery Team (HERT) Project. The project is a partnership between Citizens Advice Hertfordshire and the Money Advice Unit, working with the most vulnerable residents within Hertfordshire who need debt and benefits advice. The top issues they are dealing with across Hertfordshire are:
 - 11.7% Breathing Space Agreements (to prevent Creditors taking enforcement action)
 - 8.8% Rent arrears
 - 8.7% Credit card
 - 8.1% Council Tax Arrears
 - 7.4% Fuel debts
 - 4.9% Water debts
- 4.16 The reduced Discretionary Housing Payment budget (the Government cut funding from £140 million to £100 million in 2022/23) and higher threshold for eligibility has resulted in more people being refused than previously (11% in Quarter 1) and people receiving lower sums compared to previous years.

Physical and Mental Wellbeing

- 4.17 Increased financial concerns with food, fuel and housing costs, on top of other pressures, is likely to contribute to increased issues with mental wellbeing.
- 4.18 Mind in Mid Herts are continuing to experience increasing demands over 40% over the last 2 years, both due to increasing numbers of new referrals and people having more severe symptoms. Stevenage is the busiest of four centres in the county, and Herts Mind Network who run the Crisis café in the evenings in Stevenage have seen more demand there than three other crisis cafes in Watford, Ware and Hemel Hempstead.
- 4.19 Experience through the recent Covid-19 pandemic, and previous economic downturns, has shown that challenging personal circumstances can lead to increased cases of domestic violence and antisocial behaviour.
- 4.20 The current situation is also likely to widen existing health inequalities in the town, and it will be important to work with partners across the Integrated Care System and Public Health to consider appropriate health interventions.

Businesses

- 4.21 Many of the same issues that are impacting on residents are also impacting on local businesses. This includes high energy costs, increased prices impacting on supply, materials, manufacture and delivery costs, and pressures of business rates and rent or other property costs.
- 4.22 In addition, many businesses face changing demand for goods and services, particularly those that can be considered discretionary such as some retail, leisure and hospitality.
- 4.23 With unemployment at lowest levels for 50 years, many businesses are also experiencing vacancies and challenges in recruiting employees. This is putting pressure on existing employees, and also impacting retention in many sectors, especially where levels of pay are lower.

Impact on the Council

- 4.24 As well as a role in supporting local residents and businesses, and Council employees, the Council is also being impacted directly by the cost of living crisis. It is therefore very important that the Council continues to strike the right balance between maintaining the financial sustainability of the organisation itself at the same time as striving to support others.
- 4.25 This is likely to lead to challenging decisions over the coming months, as council costs are likely to increase at the same time as key income will be reduced and demand for Council services will also rise. Examples include:
- Increased debt and arrears for rent, council tax and business rates
 - Increased benefit claims, and people needing higher levels of support
 - Increased demand for homelessness support, and higher costs for temporary accommodation including Bed and Breakfast rooms

- Increased fuel costs impacting the council fleet as well as staff travel costs, as well as increases in cost of materials and labour for regeneration programmes
- Reduced income from key income streams such as commercial and residential garage leases, and car parking

5 NATIONAL RESPONSE TO DATE

5.1 The Government announced an initial £21 billion package of support measures for households in March 2022 Spring Statement, and an additional £15 billion in May 2022. These measures were predominantly focused on one-off payments and retail discounts for households, along with an extension of the Household Support Fund, and include:

- £150 Council Tax rebate for households in England in Council Tax bands A-D
- £400 energy grant for all households
- 8 million households in receipt of Universal Credit will receive a one-off payment of £650 to be paid in 2 lumps sums (due July and autumn)
- 8 million pensioners in receipt of winter fuel payments will receive an additional one-off payment of £300
- 6 million people in receipt of disability benefit will receive a one-off payment of £150
- The Household Support Fund extended from £1 billion to £1.5 billion.

5.2 During September, the Government announced a further package of measures including:

- Capping the cost of energy for households for 2 years from October 1st, at an average of £2,500 per year
- Capping the cost of energy for businesses, charities, and public sector organisations for six months, and then it will be reviewed every three months
- An energy supply task force to get contracts with international suppliers to bring down energy costs.
- Cancelling the proposed increase in corporation tax, keeping it at 19%.
- Cutting the Basic rate of tax cut by 1p in the pound from April 2023, taking it to 19%, and scrapping recent increases in dividend tax from April 2023.
- Reversing the 1.25% National Insurance rise from 6th November and cancelling the health and social care levy due to be introduced in April 2023
- Capping the cost of bus tickets at £2 per journey for 3 months.
- Raising the point at which stamp duty is paid on house purchases from £125k to £250k, and from £300k to £425k for first time buyers.

6 STEVENAGE BOROUGH COUNCIL RESPONSE TO DATE

- 6.1 On the 20th July 2022, the Council declared a cost of living emergency, with the Council calling on Government and Hertfordshire County Council to do more to help residents most impacted by the crisis.
- 6.2 This included providing food for children eligible for free school meals during school holidays, scrapping the National Insurance increase, restoring the additional Universal Credit payments, imposing a windfall tax on oil and gas companies, providing direct financial support to reduce household energy bills, and restoring the triple lock for pensions.
- 6.3 In response to the crisis the Council has set up an Executive Member Cost of Living Task Force, which is working across the Council and with key local partners to identify the support needed in the community and ensuring actions are in place to address the needs identified. The Working Group is focusing on the impact on residents, businesses and community groups, Council employees and the Council's finances.
- 6.4 Many of the services and activities that the Council undertakes as "business as usual" support local residents, businesses and community groups facing difficulties. This includes providing and signposting to information, advice and support; distribution of benefits and grant funding; housing and homelessness provision; community engagement and support; community safety including Stevenage Against Domestic Abuse (SADA) and the No More drug and alcohol service; and skills development and employment opportunities.
- 6.5 The Council has already built on many of these areas, and implemented additional measures to provide additional support to help mitigate the local impact of the cost of living crisis.
- 6.6 The Council also funds Citizen's Advice Stevenage to provide direct support to people in seeking to prevent and mitigate financial difficulties, and continues to support a local crisis café to support people with their mental wellbeing.
- 6.7 Measures already taken to support local residents, businesses and community groups include:
- Establishing an online information hub on the Council's website to bring together relevant information and sources of support available internally, externally and through partners (see <https://www.stevenage.gov.uk/benefits/help-to-manage-the-cost-of-living>)
 - Providing more information directly to residents, including via social media, about energy rebates being issued and what they need to do to receive them
 - Distributing and promoting the Government response and grant schemes, rebates and vouchers
 - The use of the Community Renewal Fund to support people and communities most in need, including developing Community Wealth Building approaches, raising awareness of local services including face

to face support, and developing the Social Inclusion Partnership to support local communities and community organisations (£750k)

- Applying to the UK Shared Prosperity Fund to further our Community Wealth Building programme and improve access to business and sustainability support for voluntary, community and social enterprise organisations (£185k)
- Distributing Stevenage's allocation of the Household Support Fund to support vulnerable households meet daily needs such as food, clothing and utilities., including payments to foodbanks, schools and community centre cafes (£124k)
- Work to improve the energy efficiency (EPC) rating of the Council's housing stock, including securing £1m grant funding to start decarbonising homes
- Longer-term, multi-million pound investment in skills development and employment opportunities, including the Stevenage Town Investment Plan and the Stevenage Works employment programme

6.8 Citizen's Advice Stevenage has indicated that it is intending to scale up the number of advisers it has, in response to increasing number of people seeking help and the complexity of their needs.

6.9 The Stevenage Community Foundation has also indicated that it will increase the amount of money it distributes to people this year, again in response to the increasing number of people seeking support.

6.10 Measures already taken to support council employees (over and above those that benefit them as local residents), and to mitigate the impact on Council finances include:

- Working to address the challenges being faced with recruitment and retention, including learning and development opportunities for existing staff and implementing new advertising approaches including better use of referrals and social media.
- Reporting the impact of the cost of living crisis and inflationary pressures as part of the Medium Term Financial Strategy update to Executive in September, including increased costs for utilities, goods and services, reduced income due to people reducing outgoings and struggling with housing costs, and additional staffing costs.
- Recognising the importance of the proposed national pay in helping staff meet increased costs, but also the impact on Council budgets as this is higher than anticipated (up to £700k) and may not be fully funded by Govt (the Local Government Settlement is still to be agreed)
- Requests for increased mileage rates are being made to HMRC as not covered by the national pay claim
- Recognising and promoting the value of existing flexible working arrangements, employee assistance programme, and availability of resilience support, coaching, and pay flexibility requests is being considered.

- Developing an online hub for staff to access information, support and advice is being developed.

6.11 As a Co-operative Council, working in partnership is at the core of the Council's approach. Through the Stevenage Together Partnership, the Council is working with private, public and voluntary sector organisations to co-ordinate responses to the crisis and support for local residents, businesses and community groups. This includes developing a shared, town-wide action plan that will build on the initial actions set out in Appendix A.

6.12 The Council is also engaged with Hertfordshire County Council and the other district and borough councils in the county (and beyond through links including the Local Government Association, District Councils Network and Co-operative Councils Innovation Network) to lobby the Government for additional support and funding, to share best practice and to develop wider interventions where appropriate.

7 PROPOSED ACTION PLAN

7.1 As mentioned previously, the Council is focusing on the impact of the cost of living crisis on local residents, businesses and community groups, Council employees and the Council's finances.

7.2 It is proposed that further actions and efforts to mitigate the impact as much as possible will be structured around these headings, whilst also considering a number of key themes that the Council is able to directly influence:

- Understanding the various impacts of the crisis, to enable targeted support to be prioritised where needed the most and to help track the impact of any actions and interventions
- Co-ordinating Government support to reach those that need it
- Providing information, support and advice, including promoting and signposting to the most appropriate sources
- Maintaining good health, including physical, mental and community wellbeing such as volunteering
- Access to food and nutrition, including community larders, food banks, gardens, healthy eating and cooking advice and support
- Housing, including costs, repairs and improvements, retrofitting and decarbonisation
- Working in partnership to co-ordinate Council activities, maximise their impact and to target support in localities / to the most in need

7.3 A draft action plan is attached as Appendix A. It should be noted that this sets out initial priorities and areas of focus, and will continue to evolve and develop over time as more is understood about the impact of the crisis and any interventions (locally and nationally).

- 7.4 A particular area of focus, working with partners, is the development of a Warm Spaces programme. This includes exploring the use of council-owned facilities, as well as those owned and operated by other partners, to promote opportunities for people to access warm spaces outside their own homes. This will be accompanied by the delivery of outreach programmes of advice, support and activities, providing meaningful reasons for people to access these warm spaces over and above social benefits and reduced heating costs at home.
- 7.5 Hertfordshire County Council has recently announced a small grant scheme to support voluntary sector organisations seeking to provide warm Spaces, and we will work collaboratively to maximise the benefit of this to Stevenage residents.

8 NEXT STEPS

- 8.1 The implementation of the proposed action plan will be overseen by the Executive Member Working Group, supported by the Officer Working Group.
- 8.2 The proposed response will be kept under close review, and the approach adapted where appropriate to reflect changing circumstances and learning from local, regional and national interventions if/when alternative actions are considered to be more effective.
- 8.3 The approach will also be closely monitored to align with any relevant announcements from Government and other sources, and any funding that is made available.
- 8.4 The Executive Member Working Group will report back to Executive on progress in December 2022. Further progress updates will be made at least quarterly.
- 8.5 Further steps will be taken to engage more fully with partners, including developing and funding health interventions, employment support and community-based support.

9 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 9.1 The Leader, Executive Members and Senior Leadership Team have all been consulted about and engaged in developing the proposed response to the cost of living crisis.
- 9.2 The focus is on areas the Council can directly influence that will have a positive impact in mitigating the impact of the crisis on local residents, businesses and community groups, Council employees and the Council's finances.
- 9.3 Executive could choose to take a different approach to helping to mitigate the impacts, but it is felt that the current proposals and governance arrangements will be the most effective given their initial focus is based on local evidence, flexibility, oversight and commitment to working with others.

10 IMPLICATIONS

10.1 Financial Implications

- 10.1.1 There are no direct financial implications from the recommendations contained in this report. Officers responsible for delivering the actions set out within this report will need to identify and consider any resulting financial implications.
- 10.1.2 However, the cost of living crisis is already impacting directly on Council finances and will continue to do so. In addition to increasing costs for fuel, energy and other materials, the Council is likely to see an increase in demand for many services at the same time as a reduction in income from fee-based services and people struggling to pay council tax and rent. This will be closely monitored and could lead to challenging decisions needing to be taken about the Medium Term Financial Strategy in due course.
- 10.1.3 It is also possible that additional funding will be allocated to local government in response to the cost of living crisis, either for the Council to use itself and/or for distribution to local groups, individuals or businesses to help provide support and mitigate the impacts. If and when this funding is forthcoming, decisions will be taken in line with any guidance, criteria and restrictions set in consultation with the Executive Member Working Group, Portfolio Holder(s) and Executive as appropriate.

10.2 Legal Implications

- 10.2.1 There are no direct legal implications from the recommendations contained in this report. However, officers responsible for delivering the activity set out within this report will need to identify and consider any resulting legal implications in consultation with the Borough Solicitor.

10.3 Equalities and Diversity Implications

- 10.3.1 There are no direct equality, diversity and inclusion implications arising from this report, although it is possible that the impacts of the cost of living crisis will be greater for people on lower incomes, with disabilities, and with caring responsibilities so actions will prioritise support for the most vulnerable where possible.
- 10.3.2 Where necessary, Equality Impact Assessments will be completed for programmes, projects and service changes identified to ensure any negative, differential impacts are mitigated where possible.

10.4 Risk Implications

- 10.4.1 There are no direct significant risks to the Council in agreeing the recommendation(s). However, the potential impacts of the cost of living crisis are already being monitored as part of the Strategic Risk Register and officers responsible for delivering the actions set out within this report will need to consider any risk implications that arise.

10.4.2 The Council has an embedded approach to risk management that mitigates any adverse effect on delivery of the Council's objectives and internal control processes and also provides good governance assurance.

10.5 Other Corporate implications

10.5.1 Implementing the priorities and improvement activity outlined in this report may impact on the development of future policy or procedure, and require the realignment of resources to deliver specific actions.

11 BACKGROUND DOCUMENTS

None.

12 APPENDICES

- Appendix A: Draft Cost of Living Action Plan

Appendix A – Initial, Draft Cost of Living Action Plan

Residents			
Focus	Action	Timescale	Owner
Information, Advice and Guidance	Continue to develop and update the online Cost of Living information hub in the Council website, covering Council support and signposting to other support, including Government and local grants, advice about avoiding scams, and support with household costs such as school uniforms	December 2022	Corporate Policy
Information, Advice and Guidance	Work with partners including Citizen’s Advice and the Money Advice Unit to offer residents a comprehensive advice and support service – a “full financial MOT” looking at short-term and longer-term changes that will improve their financial resilience	November 2022	Corporate Policy / Cooperative Neighbourhoods
Health and wellbeing	Work with partners to develop a Warm Spaces scheme, utilising public, community and other buildings to offer comfort during the winter months, alongside information, advice and other social opportunities to support people	November 2022	Cooperative Neighbourhoods
Food	Advice to help people with cooking on a budget, including links to Step to Skills to develop learning opportunities	December 2022	Cooperative Neighbourhoods

Skills	Promote availability of local employment opportunities, and skills and training courses (including funding available to support access) to help raise awareness and confidence for people to increase income and improve their financial wellbeing	January 2023	Planning and Regulation / Communications and Marketing
Businesses and Community Groups			
Focus	Action	Timescale	Owner
Information, Advice and Guidance	Develop and/or signpost to existing online information and support hub (such as the Herts Growth Board), to increase awareness of the support, funding and advice available	November 2022	Planning and Regulation
Information, Advice and Guidance	Utilise existing relationships and networks to reach out to local businesses and community groups to understand what support they need, and what interventions from the Council and partners would be most beneficial in supporting them	December 2022	Planning and Regulation
Council Tenants	In particular, contact businesses that are Council tenants to offer support and to promote information, advice and other measures to help those in financial difficulty	December 2022	Estates and Facilities

Council Employees			
Focus	Action	Timescale	Owner
Information, Advice and Guidance	Develop an online information and support hub promoting the internal and external information, advice, support available to employees	November 2022	HR
Information, Advice and Guidance	In particular, to provide financial advice and support about short term loans, avoiding scams and so on given the marked increase in both that has been reported nationally amongst public sector employees	November 2022	HR
Pay	Implement the outcome of the national pay review, once confirmed following consultation with the Unions	January 2023	HR
Flexible working	Promote and role-model the Council's flexible working policies, including recognising that more employees living locally may choose to come into the office to reduce heating costs at home (for example)	November 2022	HR
Council Finances			
Focus	Action	Timescale	Owner
Forecasting	Modelling impact of inflation and other rising costs on Council budgets, in year and for 2023/24	January 2023	Finance
Forecasting	Engaging with suppliers to understand any likely price increases and/or issues with availability of goods and services as a result of increased cost and pressures for them	December 2022	Corporate Procurement

Decarbonisation	Develop and implement decarbonisation schemes to reduce Council and tenant costs. This will include a bid to Round 2.1 of the Government's Social Housing Decarbonisation Fund targeting properties with a EPC D rating or below.	November 2022	Housing and Investment
Energy	Modelling the impact of energy increases in the charges to tenants and leaseholders, to consider how best to support people with managing costs	December 2022	Finance
Governance, collaboration and oversight			
Focus	Action	Timescale	Owner
Partnership Working	Continue to work through the Stevenage Together Partnership to share learning and best practice and to co-ordinate activity where appropriate	January 2023	Corporate Policy
Partnership Working	Continue to work with the County and district and borough councils in Hertfordshire to share learning and best practice and to co-ordinate activity where appropriate	January 2023	Corporate Policy
Data and Intelligence	Develop local dashboard to track impact, analyse outcomes of any interventions, and to inform targeted action, linked to the Welfare Reform Group and Citizen's Advice	November 2022	Corporate Policy
Longer term investment	Further develop the use of the Social Value Portal to divert funding from Council contractors to local skills development and key local investment priorities	March 2023	Cooperative Neighbourhoods