

Report

Report to: **Executive Committee**
Date of Meeting: **30 November 2022**
Report by: **Chief Executive**

Subject: **Cost of Living Crisis – Additional Supports**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ advise on action taken, in terms of Standing Order No 37(c) because of the timescales involved, by the Chief Executive, in consultation with the Chair and an ex officio member, to highlight the scale of cost of living challenges that will be faced by households over the 2022/23 winter period and agree a number of one off investments and initiatives targeted to alleviating the impact of these challenges on households in need. This discharges the delegation by full Council at its meeting of 28 September 2022 to the Chief Executive to agree a set of additional cost of living measures in consultation with political group leaders

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the following action taken, in terms of Standing Order No 37(c), by the Chief Executive, in consultation with the Chair and an ex officio member, be noted:-
- ♦ approval of the initiatives outlined in section 8 of the report
 - ♦ approval to meet the costs of these initiatives, totalling £4.680m, from existing budget for South Lanarkshire Leisure and Culture (SLLC) support (£1m) and from uncommitted investment funding

3. Background

- 3.1. The UK is experiencing the worst cost-of-living crisis in 40 years. Soaring energy prices due to pressure on gas supplies, disruptions to global supply chains following the Covid pandemic, and geopolitical events such as the war in Ukraine are widely recognised as among the root causes of the crisis. These core drivers have knock-on effects which exert upward pressure on prices across the whole economy, with energy and food seeing the sharpest increases over the past 12 months.
- 3.2. Over and above these direct inflationary pressures, incomes are being squeezed through a number of other factors, including the weak pound (which raises the cost of products and commodities which are traded in stronger currencies such as the dollar) and recent increases in interest rates which have pushed up borrowing costs throughout the economy and will in, turn, put further pressure on incomes as well as squeezing public finances.

- 3.3. Both the UK and the Scottish Government have formally recognised the cost of living crisis and both governments have deployed emergency measures to help mitigate the impacts of rising costs. It is worth noting that successive announcements have been required to keep pace with the scale of the crisis.

4. Impacts

- 4.1. While all sectors of society are seeing prices rise, the impacts are greatest for those on the lowest incomes. Earlier this year, the Institute for Fiscal Studies estimated that the poorest 10% of households were experiencing the highest rate of inflation at 10.9%, while the most affluent 10% were seeing the lowest at 7.9%. This is due to poorer households spending a greater proportion of their income on food and heating which have seen particularly steep price rises. As inflation increases (recent Bank of England projections suggest inflation will peak at more than 13% later this year), this gap will widen further.
- 4.2. The challenges for low-income households can be compounded by housing which is not energy efficient and is hard to heat and keep warm. Factors such as using pre-paid metering for energy, which is even more costly than standard domestic tariffs, and issues such as lack of transport which limits options for reducing food bills, add even more pressure on the budgets of the poorest households. These considerations also apply to older people, as well as those with disabilities or long-term health conditions.
- 4.3. The Office for National Statistics reports that people are managing budgets by cutting back on food/essential spending (41%), using savings (21%) and taking on debt (15%). Increasingly, households are facing choices around whether to heat or eat. Households with young children, older people, people with care needs and disabilities are disproportionately affected – less able to turn heating down or off, skips meals, and do without appliances to aid their daily living.
- 4.4. These considerations highlight that supports need to be viewed in the round and every avenue should be explored to help individuals and households manage rising costs and the pressures which follow on from financial stress.
- 4.5. Although unemployment rates are low, both in South Lanarkshire and in Scotland as a whole (2.2% and 3.5% respectively), these figures are not straightforward indicators of the state of the labour market or levels of poverty. Job insecurity and variable incomes affect many households, with the Joseph Rowntree Foundation calculating that 68% of families living in poverty include at least one working adult.
- 4.6. The scale of the challenge in South Lanarkshire can be gauged by some key facts. Latest figures show that in South Lanarkshire, 23,899 households rely on Universal Credit. There are 27,600 individuals in receipt of Universal Credit – of whom more than a third (9,928, or 36%) are in employment, highlighting the incidence of poverty even for those in work. Child poverty in South Lanarkshire is 19.6% and 32,000 households (21.8%) are deemed to be in fuel poverty, with 14,000 (9.4%) deemed to be in extreme fuel poverty.
- 4.7. There are currently 9,307 tenants in rent arrears and 16,176 households in arrears with their 2022/23 council tax charges. Over 6,600 discretionary housing payments have been made, with a total value to date of £4.03m. Council Tax Reduction awards totalling £21.9m have been awarded to 30,216 households. And, to date this year, there have been 8,424 applications for Scottish Welfare Fund payments, resulting in 5,045 awards.

- 4.8. Tackling poverty and helping people into secure, sustainable employment has long been a priority for the council and its partners, however, successive challenging single year local authority settlements has limited the scale of support that local authorities have been able to deploy, especially at a time when statutory services are under increasing pressure.

5. Cost of Living Supports

- 5.1. On 21 September 2022, the Executive Committee agreed a package of cost-of-living supports to a value of £92m with nearly £3m from new measures in 2022/23. New supports included a Financial Wellbeing Support Fund; energy information and advice and funding for households on prepaid meters; a proposal to write-off school meal debt and an education advice project to target need as soon as it is apparent in school settings. Existing supports include the council's Money Matters Advice Service, the Scottish Welfare Fund and support for tenants. Appendix 1 itemises the full range of supports.

6. Emergency Budget Statements

- 6.1. A range of measures to mitigate the impact of rising costs has been announced since spring 2022. At UK level, these include:

- ◆ £400 discount on energy bills for all households (with the previous loan scheme scrapped)
- ◆ £650 for those on the lowest incomes (supported through benefits) via two lump sums (July and Autumn)
- ◆ £150 for those on disability living allowance
- ◆ £300 for pensioners who receive winter fuel payments
- ◆ local authority household support fund increased by £500 million (England only – but Scotland may receive additional resource through the Barnett Formula)
- ◆ £150 Council Tax reduction for households in bands A to D

- 6.2. In addition to these supports, an 'Energy Price Guarantee' has been announced, which will run for the next six months until April 2023. This will reduce the unit cost of electricity and gas so that a typical household in Great Britain would pay an annual charge of £2,500. A review will be carried out to consider how best to target support after April 2023.

- 6.3. Shortly prior to the UK government's announcement of an energy support package, the Scottish Government announced its programme for government for 2022-23 which sets out its legislative priorities for the year ahead. This includes measures to freeze rents and an extension of eviction protections in the social and private rented sectors, as well as an increase in the Scottish Child Payment.

- 6.4. The Scottish Parliament Information Centre (SPICe) identified a number of specific additional cost-of-living support provided by the Scottish Government:

- ◆ Continue free school meals during holidays costing £22m
- ◆ Increases to various energy efficiency schemes costing £161m
- ◆ Increase Scottish Child Payment from £20 to £25 and extend eligibility to all children under 16 costing £18m
- ◆ Increase certain social security benefits by 6% instead of 3.1% costing £3m
- ◆ Additional funding for benefit cap mitigation costing £4m

7. Additional Council Initiatives

- 7.1. Even allowing for the supports announced respectively by the UK Government and the Scottish Government, it is evident that the cost of living crisis to be faced by

households over the 2022/23 winter period will be on a scale and severity not seen over the last 50 years. There are further uncertainties that make forecasting fraught with risks and an acknowledgement that many of the key factors are outwith the control or influence of the council.

- 7.2. Local authorities are the most visible and connected part of the public sector and are most often the anchor agency that communities turn to for leadership in times of hardship and crisis. Unfortunately, however, the ability of local authorities to provide direct support largely relies on the provision of financial support from central government(s). With the exception of administering defined schemes such as Housing Benefit, Scottish Welfare Fund and Discretionary Housing Payments, councils are not benefit agencies and are not routinely funded to provide large scale financial support over a lengthy crisis period.
- 7.3. The severity of the potential challenge this year where many households may struggle to access food and warmth makes this an exceptional crisis and elected members from all political groups have indicated their desire to do whatever is in their gift to alleviate the hardship to be faced over the course of the coming winter. The impact of the challenge will fall differentially on sections of our communities and those already facing disadvantage are more likely to suffer physical and mental health inequalities, more likely to face household debt issues and have less resilience to rising costs. The lack of options and choices for a significant number of our households will manifest themselves in higher demand for crisis intervention services, impacting on every area of the council's activity.

8. Initiatives and Investments

- 8.1. The following is a summary of initiatives and investments outlined to provide additional support to households over the period to the end of March 2023.
- 8.2. **Provision of Free Lets to all Community Groups until end March 2023**
South Lanarkshire Council will provide an additional one off payment to South Lanarkshire Leisure and Culture (SLLC) to enable them to offer free lets during scheduled opening times in their facilities to community organisations provided they are providing activities in response to the cost of living crisis. This is a more appropriate and dignified response to the warm banks concept by ensuring that attendees are able to join with a wide range of activities provided by local community organisations whilst attending facilities.

The cost of this initiative is included within an overall additional sum of £3m to be paid to SLLC in 2022/23. See Section 10, Financial Implications.

8.3 Free Swim Sessions for Under 16s

South Lanarkshire Council will provide an additional one off payment to SLLC to permit free access to swim sessions for under 16-year-olds until end March 2023. When households are facing financial challenges, one of the first areas impacted is leisure expenditure which impacts in turn on physical and mental health of children and young people. This initiative will ensure an equality of opportunity for all children and young people in South Lanarkshire. Wider access to pools will also help improve swimming abilities and ultimately water safety.

The cost of this initiative is included within an overall additional sum of £3m to be paid to SLLC in 2022/23. See Section 10, Financial Implications.

8.4 Support for Foodbanks

South Lanarkshire Council will invest £0.100m in support of registered foodbanks in the area to ensure there is appropriate access to foodstuffs for distribution in each area. The foodbanks operate with local volunteer support and this initiative links closely to the South Lanarkshire CPP volunteering strategy in developing greater capacity for volunteer development.

The cost of this initiative will be £0.100m

8.5 Extend School Meal Payments to Weekends

South Lanarkshire Council will provide cash payments to households with children in receipt of free school meals to cover weekend days from the beginning of November 2022, up to the end of March 2023. The payments will be made using the same mechanisms as utilised during the COVID related school closure periods to ensure children eligible for free school meals are supported with meals support over 7 days.

The cost of this initiative will be £1.020m

8.6 Energy Support Payment

As reported in the Executive Committee paper on cost of living support (21 September), from 1 September, the Council will provide specific support for households on prepaid meters, a group considered especially vulnerable to rising energy prices. This will provide voucher payments of £49 per household and advice on energy use. It is proposed to increase the funding for this initiative by a further £0.425m (funding more than 5000 additional payments) ensuring more people can benefit from this relief.

The cost of this initiative will be £0.425m

8.7 Looked After Children Payment

South Lanarkshire Council will provide a further £100 payment to each looked after young person currently supported. This payment will be made to the carer (foster/ kinship/ family carers) or in the case of a residential placement to the care provider to meet any additional needs arising over the winter period due to increased cost of living. An additional £40,000 one off payment will be made to the Council's partner, Who Cares Scotland, to ensure support for Care Experienced Young People over the festive period, similar to the support provided during the same period in 2021.

The cost of this initiative will be £0.135m

9. Employee Implications

- 9.1. There are no direct employee implications arising from this report.

10. Financial Implications

- 10.1. There was provision made within the council's budget for 2022/23 to pay £1m to SLLC in respect of lost income from the pandemic (that would be met from Covid funding carried forwards)
- 10.2. There is likely to be a further shortfall in income within SLLC's activities. There is no further money budgeted within the Council to pay SLLC more in 2022/23. A further payment could be made by the Council as part of its Warm Welcome initiative. On paying an additional amount of £3m to SLLC (£1m already included in the budget, plus an additional £2m), the Council would ask SLLC to make additional community provision as outlined in this paper.

- 10.3. This payment of £3m, combined with the costs of the other initiatives detailed in this paper will have a cost of £4.680m as illustrated in the table below

Proposal	Value £m
SLLC Offer (including free lets - and under 16s swim sessions)	3.000
Support for Foodbanks	0.100
Extend school meals to weekend	1.020
Energy Support Payment	0.425
Looked After Children Payment	0.135
Total	4.680

- 10.4. £3.680m of funding for these initiatives will come from a redirection of uncommitted balances on 2021/22 and 2022/23 Revenue Budget Investment Projects. For many of these investment projects, the council has found it extremely challenging to recruit to posts related to them, leading to some issues in achieving traction on the projects. This provides scope for that uncommitted funding to be reallocated to the new initiatives in this report. However, it is worth noting that over three-quarters of the overall funding for investment projects remains for the purposes originally intended. The table below shows the investment projects affected.

Investment area	Original value	Committed	Uncommitted Value £m
1) Social Enterprise and Business Support Programme	1.500	0.592	0.908
2) Locate in South Lanarkshire	1.000	0.521	0.479
3) Tourism Cooperative and Strategy	0.500	0.246	0.254
4) Climate Challenge South Lanarkshire	2.000	1.790	0.210
5) Food Strategy Support Fund	0.300	0.277	0.023
6) Community Resilience Fund	0.259	0.059	0.200
7) Community Led Activities	0.400	0.001	0.399
8) Valuing Volunteers (volunteering strategy with Vaslan)	0.500	0.250	0.250
9) Cardio Fitness and Rehabilitation Equipment	0.300	0	0.300
10) Waste Management / Fly Tipping	0.682	0.025	0.657
Total	7.441	3.761	3.680

- 10.5. The remainder of the £4.680m funding will come from the £1m originally budgeted for payment to SLLC in 2022/23
- 10.6. In combination with the £91.649m of spend on cost of living supports outlined in the Executive Committee paper agreed on 21 September 2022, agreement of the proposals contained within this paper would increase the council spend during 2022/23 in alleviating the crisis to a total of £96.329m.
- 10.7 If additional flexible resources are allocated by central governments to assist the council respond to the current crisis, this will be reported to council and could be used to re-instate any investments as noted above according to council prioritisation.

11. Climate Change, Sustainability and Environmental Implications

- 11.1. There are no direct climate change, sustainability and natural environment implications arising from this report.

12. Other Implications

- 12.1. It is likely that the actions outlined in this report will not be sufficient to fully mitigate the worst effects of the cost of living crisis that will be faced by many of our households over the coming winter period. The success or otherwise of the total response by central and local government in alleviating the worse extent of the impact will be heavily dependent on the scale of response from both UK and Scottish Governments and the economic conditions that are faced.
- 12.2. There are very real risks that the extent of the challenges that will be faced will create severe pressure and demands for a wide range of council services ranging from housing and homelessness; social work services; education services through to council tax and money matters support and many others besides. This is potentially to be faced at a time when there is an unprecedented pressure on council budgets.

13. Equality Impact Assessment and Consultation Arrangements

- 13.1. There is no requirement to quality impact assess the proposals in this report.

Cleland Sneddon
Chief Executive

7 November 2022

Link(s) to Council Values/Priorities/Outcomes

Accountable, effective, efficient and transparent

Previous References

None

List of Background Papers

Executive Committee Report 21 September 2022 "Cost of Living Supports"

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Appendix 1

Budget	Value	Comment
New council support		
Financial Wellbeing Support Fund	£1.720m	Funded by LACER
Energy Support	£0.975m	Funded by LACER
Education Advice Project	£0.065m	Funded by LACER
Digital Inclusion	£0.120m	Existing budget
Lived Experience Funding	£0.006m	Subject to CPP approval
Employability Advisor for Money Matters Advice	£0.060m	Employability funding
TOTAL	£2.946m	
Existing council support		
Scottish Welfare Fund	£3.402m	1.345m funded by LACER
Support for Tenants	£0.750m	0.350m funded by LACER
Council Tax Reduction Scheme	£23.263m	Existing budget
Free School Meal Payments	£1.499m	Existing budget
School clothing grants	£1.944m	Existing budget
Discretionary Housing Payments	£0.845m	0.100m funded by LACER
Housing Benefit	£57.000m	Existing budget
TOTAL	£88.703m	
OVERALL TOTAL	£91.649m	