



Full Council	Tuesday, 15 November 2022	Matter for Information and Decision
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Report Title: **Cost of Living – Council Response**

Report Author(s): **Tracy Bingham (Strategic Director of Finance / Section 151 Officer)**

Purpose of Report:	To outline the arrangements already in place to support residents and businesses through the Cost of Living crisis and request financial resources to extend these arrangements to sustain appropriate support to March 2023
Report Summary:	<p>The report requests that £80,000 of General Fund reserves previously earmarked as a "Wellbeing Reserve" and £30,000 of a £140,000 HRA reserve previously earmarked as "Universal Credit HRA Reserve" are set aside for the purposes of providing support to residents and businesses through the Cost of Living crises.</p> <p>Delegation is sought so that the Strategic Director and Section 151 Officer can distribute the funds within the levels outlined and any amounts that remain unspent at the end of the financial year are returned back to relevant balances.</p>
Recommendation(s):	<p>That Council approve:</p> <ol style="list-style-type: none">1. The reallocation of £80,000 of General Fund reserves previously earmarked as a "Wellbeing Reserve" and £30,000 of a £140,000 HRA reserve previously earmarked as "Universal Credit HRA Reserve, for the purpose of providing support to residents and business through the Cost of Living crisis;2. Delegated authority to the Strategic Director and Section 151 Office to distribute these funds within maximum levels outlined in this report; and3. Any amounts that remain unspent at 31 March 2023 are to returned to general fund and HRA general reserves, subject to a further report being presented
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director of Finance / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk</p> <p>Tony Gwam (Head of Finance / Deputy Section 151 Officer)</p>

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Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	Accountability (V1) Respect (V2) Teamwork (V3) Innovation (V4) Resident Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out section 5 of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	None.

1. Introduction

- 1.1 The national Cost of Living crisis is likely to have profound implications for local authorities as they support residents and businesses. As the colder weather fast approaches, many families are likely to find their household bills unaffordable and will face acute challenges in staying warm, well-fed, safe and healthy. Similarly, businesses will face challenges as the crisis puts a squeeze on consumer spending and higher inflation and energy prices put additional pressure on business costs.
- 1.2 The Council mobilised its response to the crisis in the early Summer, establishing an internal officer focus group of key officers to drive the Council's preparedness and response and a dedicated web-page (www.oadby-wigston.gov.uk/pages/cost_of_living_support) to provide information and advice signposting to residents and businesses. The page has links to advice on issues including budget and debt advice, financial support, housing, food provision

and welfare and mental health support. The communications team are sharing the page via the Council's social media channels and email alerts and have shared it with staff.

- 1.3 In September, the Service Delivery Committee received a Cost of Living Action Plan that sets out the actions being taken by officers to support residents and businesses and communicating more widely around the crisis response.
- 1.4 With the Council's Senior Leadership Team (SLT), the Cost of Living focus group team are now developing further ways to support residents and an allocation of funding will enhance this work.
- 1.5 The purpose of this report is to seek approval to set aside £80,000 of General Fund reserves previously earmarked as a "Wellbeing Reserve" and £30,000 of a £140,000 HRA reserve previously earmarked as "Universal Credit HRA Reserve" for the purposes of providing support. Delegation is sought so that the Strategic Director and Section 151 Officer can distribute the funds within the levels outlined and any amounts that remain unspent at the end of the financial year will be returned back to relevant balances.

2. Emerging Impact

- 2.1 Although the Office for National Statistics (ONS) ranks the borough as 217th most income deprived of the 316 local authorities in England which suggests the areas is less deprived, there are areas of deprivation within the Borough where residents are already living in poverty. As the crisis continues, we expect many more residents to be exposed and therefore likely to experience financial hardship.
- 2.2 At the time of writing this report, impacts of the Cost of Living crisis on residents and businesses are starting to emerge.
- 2.3 Currently, the level of council tax support expenditure, current level of council tax arrears, percentage of council tax direct debit payers and instalment plans are showing low to no signs of impact.
- 2.4 However, a significant impact has been identified in respect of Discretionary Housing Payments (DHP) – a form of financial support towards housing costs paid by the Council when a resident needs more help with housing costs and is currently claiming Housing Benefit (HB) or Universal Credit (UC). Primarily this fund is used to cover the shortfall between any UC housing payment or Housing Benefit payment and the actual rent amount, and, as private sector landlords are increasing rents to cover their increased mortgage costs, we have observed an uptick in the number of applications for this form of support as the gap between benefits received and rent payable widens for individuals and families.
- 2.5 The Council's own Financial Inclusion Officer has seen an increase in workload, particularly from residents accessing financial support and navigating the benefits system for the first time.
- 2.6 So far, the Housing Register doesn't show an increased number of people applying for housing and stating that the primary reason as financial difficulties, but officers are preparing for this in anticipation of there being more people needing housing.
- 2.7 The number of tenants in rent arrears has started to increase beyond a level that the team would ordinarily expect to see during the October/November period. Work is ongoing to understand what the primary reason for this is, but financial hardship as a result of the crisis has been identified as a key reason.

- 2.8 The impact on businesses in so far as business rates collection is concerned is currently perceived to be low, with no changes to business rates payment profiles, arrears levels or Discretionary Rates relief applications. However, the payment of business rates is not necessarily a strong indicator of business health, particularly when so many businesses do not pay business rates because they are small or indeed because so many businesses do not trade from rateable premises.
- 2.9 Overall, officers expect that more residents and businesses will need support and that the indicators outlined above will likely show further evidence of financial stress in the coming months.
- 3.1 **Existing support in place**
- 3.2 For residents there is already several national support measures in place, including:
- a) Energy Bills Support Scheme which outlines an Energy Price Guarantee of £2,500 a year for the average household, replacing Ofgem's energy price cap for two years. This means that around 28 million UK households will get £400 off their domestic energy bills. This will come in six instalments of around £66, deducted from energy bills between October 2022 and March 2023.
 - b) All households in council tax A-D have received a £150 council tax rebate.
 - c) Extra one-off payments if individuals receive certain benefits such as Universal Credit, PIP or Attendance Allowance or are over State Pension age and get Winter Fuel Payment.
 - d) More than eight million households receiving Universal Credit and other means-tested benefits will get additional support in the form of a one-off £650 cost of living payment. This has been divided into two instalments which began on 14 July. Pensioner households on pension credits will receive a separate payment of £300, while those in receipt of disability benefits will get £150.
- 3.3 Locally, the Council has established dedicated web-page (www.oadby-wigston.gov.uk/pages/cost_of_living_support) to provide information and advice signposting to residents and businesses. The following paragraphs set out the remainder of Council's existing support framework in detail.

Housing

- 3.4 The Income Team offer a range of support to tenants who have fallen into rent arrears and who are struggling to meet their rent payments. This includes supporting applications for benefits and Discretionary Housing Payments, advice on managing household budgets, debt, and household bills. Referrals for specialist debt advice are made where appropriate.
- 3.5 Housing applicants who are applying to the Housing Register and who are stating that affordability is the primary reason for applying are being offered the opportunity to speak to a Housing Options Officer and to have a Personal Housing Plan which details the options available to the applicant. The Personal Housing Plan has previously only been available to homeless applicants, however, we have now changed our approach so that anyone applying to the Housing Register who states financial difficulties/affordability as a reason for wanting to move, will be offered a plan. This is in anticipation of more cases of this type.
- 3.6 The Housing Team's offer to Private Sector Landlords (PSL) is now publicly available. This offer invites PSLs to work in partnership with the Council to let properties at an affordable rent and within the Local Housing Allowance rate in exchange for Landlord advice and support and a property management service. This promotes good supply of quality and affordable housing in the borough.

- 3.7 The Lettings Team regularly meet with Registered Provider (RP) partners. Current discussions are around the current operating processes in terms of letting RP properties to people from the housing register and how this can be improved to ensure those experiencing financial difficulty are not disadvantaged.

Revenues and Benefits

- 3.8 Nationally, Housing Benefit provides financial support to cover rent payments. New claims from working age applicants are now be directed to claim the housing element of Universal Credit (UC) instead, as part of the national transfer of benefit recipients to the UC system.
- 3.9 Within the Council Tax and Benefits Service, the Council offers four different types of financial support, residents can apply directly or can be referred from other services areas or outside organisations.
- 3.10 The Financial Inclusion Officer works with residents that are identified as struggling financially by other teams in the council. Work is done to help maximise income, budget effectively, and if appropriate to consider alternative accommodation.
- 3.11 For residents who may not qualify for financial support but are still struggling with payments, the Council Tax and Recovery teams work with them to find a suitable solution, from extending payments across 12 months instead of 10 to agreeing payment arrangements if accounts do go into debit. In addition, reminders are sent promptly to residents who have missed payments to commence early engagement to prevent debts increasing.
- 3.12 Residents that are experiencing financial difficulties can apply to claim Council Tax Support. This income-based means tested benefit provides a discount of up to 85% of the annual Council Tax bill for working aged residents and 100% for those of state pension age. The Council promotes Council Tax Support on its website and at the time of annual billing. Residents can apply at www.oadby-wigston.gov.uk/pages/apply_for_housing_benefit.
- 3.13 For those residents in receipt of Council Tax Support but due to extreme financial hardship are unable to pay the outstanding element of their Council Tax there is a limited pot of funding to make a discretionary award. The value of the Discretionary Council Tax Support fund for 2022/23 is £15k, is fully funded by the Council and is accessible on the same basis as Discretionary Housing Payment (see below). Residents must apply for this further 'top-up' and individual circumstances will be reviewed to determine if an award is made. Once the funding within the pot is used no further applications can be accepted.
- 3.14 A Discretionary Housing Payment (DHP) is financial support towards housing costs paid by the Council when a resident needs more help with housing costs and is currently claiming Housing Benefit (HB) or Universal Credit (UC) with housing costs towards rental liability. Primarily this fund is used to cover the shortfall between any UC housing payment or Housing Benefit payment and the actual rent amount.
- 3.15 OWBC were allocated £56,000 for DHPs in 2022-23, and have currently spent close to £40,000 (72%). Requests for support from this fund have increased month on month and are forecast to exceed the volume at the height of the Covid-19 pandemic.
- 3.16 The approach to applications was tightened in June to reduce expenditure. Awards were previously based purely on income and expenditure comparisons and were likely to be made for periods covering the full financial year. Claims would be invited from residents affected by the benefit cap and social sector size criteria restrictions. The application form now looks

in much more detail at the wider circumstances of residents, including the longer-term sustainability of the tenancy and what steps they should be taking themselves to improve their financial situation. Awards are now much shorter, particularly in cases where the tenancy is not deemed to be sustainable. There is a greater emphasis on providing signposting and support alongside financial help.

- 3.17 The acceptance rate in Q2 was 51% compared to 70% in Q1, and the average award dropped to £514 in Q2 compared to £734 in Q1. The Council, as part of its Quarter 2 DHP return to the Department for Work and Pensions has asked for more funding. On the basis that further funding is unconfirmed (and unlikely), additional funding is requested as per below.

Other Partners and 3rd Sector

- 3.18 Leicestershire County Council (LCC) is administering the Household Support Fund (HSF) which is designed to support households in the most need with food, energy and water bills. Applications re-opened on 26 October 2022 and the borough council is playing a key role in referring residents that qualify for the financial support.
- 3.19 The Council is a significant partner of Helping Hands and Senior Citizens Action Group whom receive a financial contribution or contract sum on an annual basis. The Council has in the past supported other organisations on an ad-hoc basis.
- 3.20 In addition, the Council actively engages with and signposts local people to a number of food banks and community fridges in the area. This includes inserting information into letters sent to some of our most vulnerable residents and tenants, displaying information on noticeboards around the borough and using digital communication channels such as the website.
- 3.21 The Council provided support to a project being proposed by the Kings Centre to facilitate the hosting of a mobile Food Van on Bull Head Street by 'Feed the Hungry' (FTH). Unfortunately, FTH ultimately determined that the van model would not work due to high demand. As an alternative the Kings Centre is looking to develop its hub by providing additional services such as a lunch club, warm space, market place for fresh vegetables etc and will be looking for grant funding in the near future.

4.1 **Outline of proposed additional areas of support**

- 4.2 As detailed earlier in this report, an internal officer group is actively working with SLT on a range of high level themes and options where further support can be offered has been shaped. These areas are outlined and summarised below.
- 4.3 It is important to note that at this stage, the areas of additional support remain as an outline and the actual areas of support enacted may be different depending on the nature, size, scale and extent of the impact of the unfolding crisis. The proposed delegations in place will allow for flexibility for officers to respond, but for member oversight to also be maintained through consultation with the Chair of the Policy, Finance and Development Committee.
- 4.4 The outline of proposals are as follows:
- 4.4.1 **Top up DHP with £50,000 of Council funding** – To top up the Discretionary Housing Payment (DHP) fund with £54,000 of General Fund funds to enable officers to revert to the original award criteria and support all residents who are eligible and who apply. This will have the effect of supporting in the region of 120 additional residents and will also enable

officers to enhance and award claims that were awarded lower values of whose claims were rejected.

As outlined in paragraph 3.17 above, a request has been made to the DWP for more funding. Should additional funding be awarded by government, the equivalent amount will be returned to the Cost of Living reserve (up to the value of the top-up of £50,000).

4.4.2 **Top up the Council's Discretionary Council Tax Support Fund with an additional £5,000** – This would take the total Council contribution from £15,000 to £20,000 and will be used to support more residents in line with the DHP funding above.

4.4.3 **Create a new £10,000 (HRA funded) Housing Hardship Fund** – The aim of this fund will be to help tenants who are facing hardship due to significantly reduced income and where benefits are not accessible. The proposed eligibility criteria is as follows:

The applicant must:

- a) Be able to evidence that all other areas of financial support have been explored. For example Utilities Hardship Fund, Household Support Fund, Food Banks and Voluntary Support and Assistance, Benefits and so on; and
- b) Have been unsuccessful in their DHP application, despite a challenge by the Housing Officers
- c) If a working household, demonstrate that:
 - i. Income has significantly reduced and there is a need for support to navigate the benefits system resulting in a delay in claim for housing costs (UC and HB); or
 - ii. Income has unexpectedly reduced due to a significant reduction in working hours and benefits are not accessible and reasonable expenditure has increased due Cost of Living factors (includes self-employed households)

Applications will also be considered from tenants where:

- a) There is evidence of a relationship breakdown impacting on the ability to work due to caring (including childcare) responsibilities; and/or
- b) Where any other reasonable request is proposed by the Tenant's support network.

4.4.4 **Support and promote public-sector partner and/or third party partner-led "Warm Hubs" with up to £5,000** – Warm Hubs have been discussed across the County and a consistent approach is being taken. No Council/District in County will be opening and running their own facilities to run Warm Hubs. However, the Council is taking a robust proactive course of action by contacting and working with key partners and charities to establish where warm hubs are being offered across the Borough and will support partners through signposting and promotion. The Council will then offer support based on volunteering, help and advice from our specialist teams such as Revenues and Benefits, Housing and our Financial Inclusion Officer to support those in need. In addition, charities and key partners can request financial support and this will be considered on a case by case basis.

Members should note that if the severity of weather conditions deems it necessary, the Council will invoke its business continuity plans which may include the provision of a rest centre that is provided directly by the Council itself.

- 4.4.5 **Consider and action requests for support from 3rd sector partners and organisations operating in the Borough with up to £10,000** – The Council set aside an initial £10,000 to support requests from 3rd sector organisations in the Borough to assist with financial contributions. Financial contributions may support voluntary organisations to continue to operate with increased demand that is as a direct result of the cost of living crisis. Requests will be considered on a case-by-case basis, with amounts to be one-off and to cover to March 2023. This amount will be capped at a maximum of £500 per group and an application form will be made available on 16 November 2022.
- 4.4.6 **Strengthen existing partner relationships with Registered Social Housing Providers (RPs)** – One benefit of this will likely be that RPs advertise all vacant properties through the Council's Choice Based Lettings System, meaning there is greater visibility of homes available for rent. In addition, the team are looking to review and renegotiate the Nomination Agreements with RPs. There are no financial implications with this action, but it forms a key part of the Council's approach.
- 4.4.7 **Review the Discretionary Rates Relief Policy** – This will be reviewed and brought to the March PFD Committee meeting for approval with a view to implementing at the start of the 2023-24 financial year. There are no known financial implications of this review. The review will conclude whether any wider discretions can be given to support 3rd sector and smaller business in the borough with rates relief. There may be a financial impact, but this is not quantifiable at this stage as it would predetermine the review.

5.0 Financial Implications

- 5.1** In September 2022, the Council approved a Sustainability Plan, within its new Medium Term Financial Strategy, that sets out savings to be delivered over the next 5 year term. As part of this Sustainability Plan, specific one-off savings are programmed in relation to a review of the council's earmarked reserves. The Strategic Director and Section 151 Officer has now completed this review and a number of General Fund and Housing Revenue Account reserves have been identified as no longer being required for their original purpose. A report to agree the proposed reallocation to the respective General Fund and HRA unallocated (general) reserves, for the purposes of bolstering reserves to support financial sustainability, will be tabled before Policy, Finance and Development (PFD) Committee in December 2022.
- 5.2** Ahead of this meeting, two reserves, which are set out below, are proposed to be reallocated immediately in order for the Council to fund the council's response to the cost of living crisis as set out in this report.
- 5.3** In respect of the General Fund, it is requested that £80,000 of an earmarked reserve titled "Wellbeing Reserve" is repurposed for providing cost of living support to residents and businesses. The reserve was established in 2018/19 to fund promote the physical and mental health and wellbeing of residence of the borough through sport and light recreation. There are no plans to utilise this reserve.
- 5.4** In respect of the HRA, £30,000 of a £140,000 HRA reserve previously earmarked as "Universal Credit HRA Reserve" is proposed to be set aside to support council housing specific support. The reserve was established in 2017/18 to fund, if necessary, the impact of Universal Credit on the level of rent arrears and therefore income to the HRA. This reserve was never utilised. As part of this request, the residual £120,000 will remain in the reserve and a separate recommendation around the redeployment of that reserve will be tabled to Members as outlined above in December 2022.
- 5.5** Delegation is sought so that the Strategic Director and Section 151 Officer can distribute the funds within the levels outlined in 4.4 above and summarised in the table below.

- 5.6** It is also proposed that the residual amounts of reserve be maintained for the purposes of funding any additional unforeseen Cost of Living related pressures and that agreement to utilise these are delegated to the Strategic Director and Section 151 Officer in consultation with the PFD Committee Chair.
- 5.7** Any amounts that remain unspent at the end of the financial year will be returned back to relevant balances. Any additional amounts over and above the total reserve levels for reallocation, that are needed before the end of the year will be subject to a further report to Council. Any continuation of funds beyond March 2023 will also be subject to a further report to Council.

Table 1 – Outline proposals to be funded form the General Fund reserve

Area	Upper Value
Top up DHP with £50,000 of Council funding	£50,000
Top up the Council funded Discretionary Council Tax Support Fund	£5,000
Support and promote public-sector partner-led "Warm Hubs"	£5,000
Consider and action requests for support from 3 rd sector partners	£10,000
Residual funds – ability to be drawn down by the Strategic Director/Section 151 Officer in consultation with the PFDC Chair, for additional needs identified	£10,000
Total General Fund Cost of Living reserve	£80,000

Table 2 – Outline proposals to be funded form the HRA reserve

Area	Upper Value
Create a new £10,000 HRA Hardship Fund for supporting Council Tenants	£10,000
Residual funds – ability to be drawn down by the Strategic Director/Section 151 Officer in consultation with the PFDC Chair, for additional needs identified	£20,000
Total HRA Cost of Living reserve	£30,000

- 5.8** Communication and delivery of these proposals will commence immediately following Council approval.
- 5.9** Monitoring of service and financial delivery will be provided via the quarterly performance and budget monitoring reports provided to the Service Delivery Committee and PFD Committee respectively.