
Executive

22 November 2022

Report of the Director, Customer & Communities
Portfolio of the Executive Members for Finance & Major Projects, and
Housing and Safer Neighbourhoods

Addressing the Cost of Living Crisis in York

Summary

1. The report will provide an overview of the current position regarding the National cost of living crisis locally in York including for:
 - Council Budget, Workforce and Services
 - Residents
 - Businesses
 - Impact on partners such as Health and the Voluntary, Community & Social Enterprise (VCSE) Sector.
2. The report will importantly focus upon local plans, impact on the Council, programmes being undertaken and key activities to tackle the impacts of the crisis. It will also include an update on the citywide York Cost of Living Summit held on 31st October 2022.
3. This is within the context that the crisis puts further pressure on public sector services and many councils are reporting significant shortfalls in budget, especially as the current situation follows more than a decade of cuts in central government funding.

Recommendations

4. The Executive is asked to note the following:
 - a) The context and overview of current impacts of the Cost of Living Crisis in York;
 - b) The actions being undertaken by the council and its partners in response;

- c) The key activities and outputs from the Cost of Living Summit and next steps; and
- d) The challenges facing local government in setting budgets for 2023/24.

Reason: To ensure members have full information on the wide impacts of the crisis both long and short term, and what activity is being undertaken to understand challenges and provide residents with practical support, information, advice and guidance across all city partnerships.

Background

Current Position in York

Impact on the Council Budget, Services & Workforce

National Picture

- 5. The second quarter of 2022/23 saw signs of slowing economic growth, as production fell. Inflation increased with little sign of slowing in the near-term, and bank base rate was raised to 2.25%.
- 6. In September and October 2022, there was a change in government fiscal policy, with proposed tax cuts likely to add to existing domestic inflationary pressures and potentially higher interest rates. Sterling fell after the “fiscal event” of the new Prime Minister and Chancellor on 23rd September 2022, adding further upward pressure to interest rates.
- 7. Following the confirmation of the new Prime Minister and new Chancellor on the 25th October, the Chancellor announced that the Autumn Statement will be pushed back to the 17th November 2022. It has been reported that public sector expenditure may need to be reduced by £50 to £60 billion by 2026/27 (around 1.7% of GDP).
- 8. It has also been reported that the government will delay the introduction of the cap on care costs for up to two years or it may not happen at all, as part of the reductions in public sector spending. Organisations including the Local Government Association (LGA), County Councils Network and Association of Directors of Adult Social Services (ADASS) have already contacted the government to request that the funding allocated for the reforms should be retained by councils during any delay, to invest in core social care services. However, it is unclear whether any of the funding released would be retained for social care, given the government’s priority of saving money.

9. On the 19th October 2022, it was confirmed that inflation had reached 10 per cent, its highest level for 40 years. While largely driven by the impact of Russia's invasion of Ukraine on food and energy prices and a global supply crunch following the coronavirus pandemic, these pressures are hitting people and businesses in local communities right across England.
10. On the 3rd November 2022, the Bank of England raised interest rates by an historic 75 basis points, its largest increase in 33 years. The Bank of England stated that the UK faced its longest recession since records began and described the outlook for Britain's economy as "very challenging," noting that unemployment would likely double during the country's two-year slump.
11. In response to the above, the Local Government Association (LGA) submitted a comprehensive submission to the government on behalf of councils to inform the development of the government's fiscal plans. It stated:

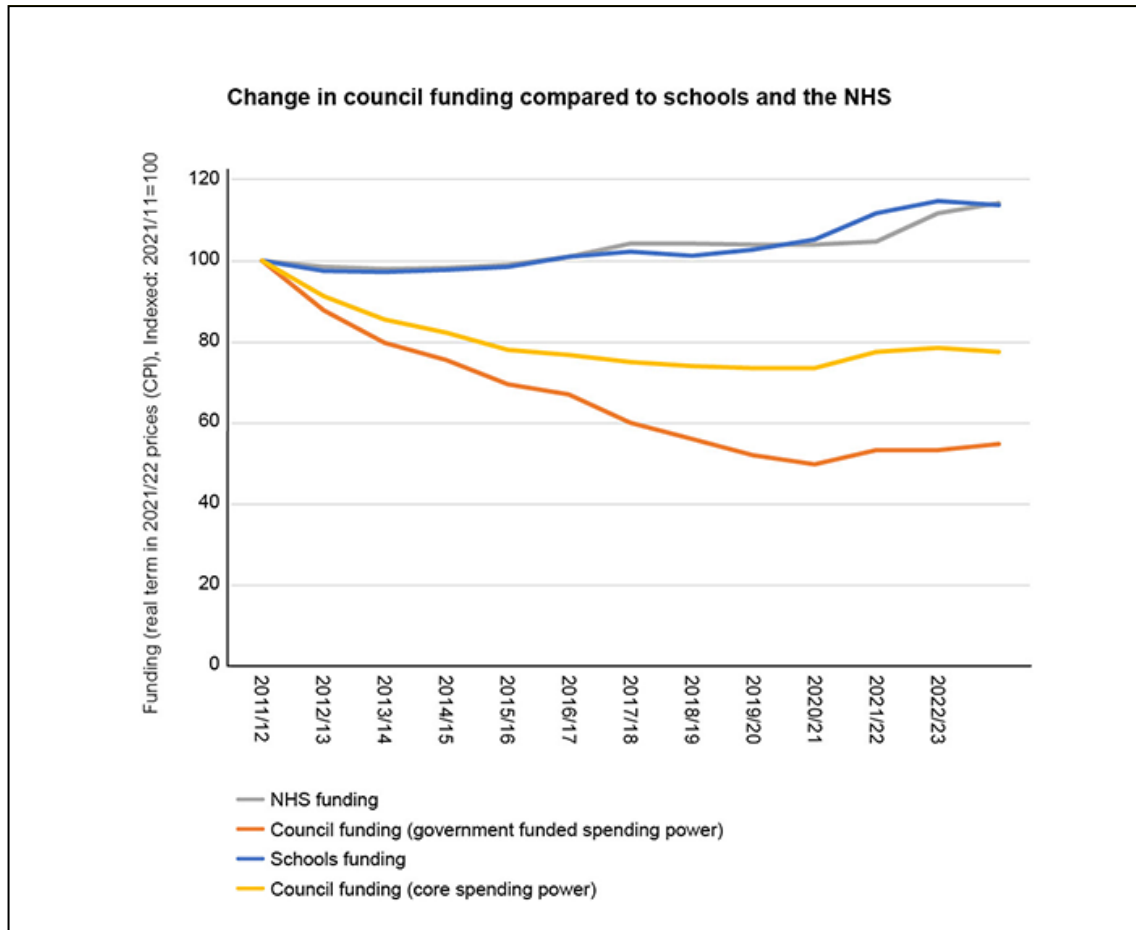
"At the time of the 2021 Spending Review the LGA estimated that the Government had provided sufficient funding for councils in 2022/23 to meet cost pressures, excluding existing pressures in adult social care, Special Educational Needs and Disability Services, homelessness and other services. Since that time, rising energy prices, increased inflation and the impact of projected increases in the National Living Wage mean that the councils face significant additional costs that could not have been predicted at the time of the 2021 Spending Review."

"Councils are facing additional cost pressures of £2.4 billion in 2022/23 since they started to set their budgets in Autumn last year. Fifty percent of these additional costs are due to compliance with recent published estimates by the Low Pay Commission of the National Living Wage, something which local government has no control over. In 2023/24 there is a funding gap of £3.4 billion which rises to a gap of £4.5 billion in 2024/25 just to maintain services at pre-COVID levels."

"For all these pressures to be met through council tax alone, income from council tax would have to increase by well over 10 per cent next year which is neither sustainable nor desirable given the current cost of living crisis. Without additional funding to cover these costs, councils would need to making savings equivalent to stopping spending on all cultural and leisure services such as libraries, swimming pools, open spaces, combined with spending on waste collection and Trading Standards."

"In particular, authorities were experiencing additional financial pressure or risk from pay pressures (94 per cent), energy price increases (94 per cent) and contract prices or re-negotiations (88 per cent) to a great or moderate

extent. In terms of contracted out services, 42 per cent reported that contracts were being passed back to the council and despite putting plans in place to try to mitigate the pressures in contacted out services, 58 per cent reported there would be a negative impact on service quality and delivery.”



12. With the difficult national context, local authorities across the UK are having to make incredibly difficult decisions to reduce spending and balance budgets. For example, neighbouring Leeds City Council have already announced freezes on recruitment and non-essential spending as it looks to tackle additional budget pressures of £20.4million for this year caused by unexpected rising national costs. It is also estimated that the new North Yorkshire authority will start the next financial year with a £27 million deficit from the county council and seven district and borough councils, with inflation adding an additional £70 million in costs.

Council Budget

13. As a council, we are facing unforeseen financial pressures and demand for our services, which is having an impact on our budgets both in the

current year and in the next year. Rising energy, fuel and food prices, inflationary increases in contracts, supplies and other expenses are making it difficult for the council to balance its budget, just as it is making it difficult for individuals and households to balance their budgets.

14. The Finance & Performance Monitor (Q2) outlines a forecast overspend of £8m that has been mitigated down to just under £4m through the use of one off funds from the contingency and earmarked reserves. Inflationary pressures are a particular challenge, adding some £4.5m to the overall forecast outturn. The 2022/23 pay award offer, now confirmed, adds a further £2.5m to the expected pressures.
15. 76% of council funding is raised via council tax. The maximum current increase allowed on council tax is 1.99% with a potential increase of 1% for Adult Social Care. Should this continue this allows the council to raise up to around an additional £3m in 2023/24 equivalent to an overall spending increase of 2.22%. As noted previously the LGA has shown councils would require an additional 10% to maintain service levels at current levels. With inflation at 10%, adult and children's care services rising at even higher levels and staff pay awards at 6%. The pressure on local authorities is at unprecedented levels. Without additional government support, the only option for council's would be a large scale reduction in service.
16. Due to the constraints placed on council budgets, we are unable to include cost of living increases in our contracts. We cannot increase our income and therefore are unable to generate any additional funds to pass on to our providers. Staff retention and turnover is also having a huge impact as more expensive agency staff are needed to ensure key services can be delivered.
17. In order to manage the forecast overspend, a number of measures have been introduced to ensure that there are additional expenditure controls in place, particularly around vacancy management and the use of temporary staff. In addition, measures are being introduced to reduce any non-essential expenditure. All areas of the council are currently considering where further efficiencies and reductions in spend can be achieved in order to support the overall financial position.
18. These are unprecedented circumstances affecting all organisations and York is not unique in experiencing these pressures. However, there has been no additional funding for councils to help contribute towards the significant financial pressures being experienced. Many councils are reporting significant shortfalls in budget, especially as the current situation follows more than a decade of cuts in central government funding.

19. There also remains a considerable amount of uncertainty in terms of financial planning for local government. It is assumed that funding for 2023/24 will be another “rollover” year. However, it is also understood that all Government departments have been asked to identify spending cuts for next year and it is likely that this again will have a negative impact on local government funding.
20. This will make it incredibly difficult to set a balanced budget for next year. Additional savings over and above those assumed in the Medium Term Financial Plan will be required, and this is likely to have a negative impact on services delivered by the council. This position could worsen further if additional pressures arise and / or if the Autumn Statement outlines further reductions in the funding available for local government.
21. The ongoing inflationary pressures and impact of rising prices on the council is, of course, a significant concern. There is clearly also a significant impact on the financial health of key providers and partners as well as that of individual residents. The continued increases in both the cost of and the demand for services will require a fundamental rethink of how local government operates and the services it can provide to residents.

Council Services

22. After almost 3 years of pressure of working in a crisis, a recent internal analysis identified the key areas of impact for council services. All services identified their top risks and thought through the mitigations they had in place or were developing. Many related to a number of risks outlined in the ADASS and York Health and Care Collaborative (YHCC) feedback below and others were related to energy and materials price increases, increased demand pressure on ‘people’ and benefits related services, school budgets and transport budgets impacted by fuel price increases, service sustainability and workforce issues (see also below in more detail), increased risk of exploitation and abuse, more support needed for care leavers, and increased cost of placements.

Council Workforce Impacts

23. There is evidence that the council’s workforce is increasingly under pressure because of the cost of living crisis. Traditionally well paid roles are now being exposed to financial challenges, especially those who have a single income into the house, who will not be entitled to government benefits, resulting in higher numbers of council employees facing in work poverty. This is on the back of many key workers who

worked during the pandemic and are feeling tired and demotivated. Some staff have chosen to change their career path or retire following the recent pandemic which has then developed increased challenges on succession planning.

24. Sickness absence rates are increasing, with an increase in personal related stress in the last twelve months possibly associated with financial pressures at home including rising energy costs, cost of food, increased commuting costs and childcare provision.
25. Increased employee absence inevitably puts pressure on remaining team members to deliver services with an increased workload, many staff provide many additional hours, without payment / overtime to ensure that they deliver a good job for their clients and support their colleagues; this, however, cannot be sustained.
26. There are also ongoing recruitment challenges, many posts are now hard to fill, some are left vacant, others that need to be filled to deliver essential and or statutory key services to residents are filled with agency staff which increases the overall establishment costs. In the recruitment market, terms and conditions need to be competitive. Councils are showcasing their terms more and more, but sadly are unable to compete with many NHS, Civil Service and private sector roles. This is now being experienced in relation to many levels of posts across the council, rather than the traditional hard to fill, attract and retain posts.
27. The recently confirmed local government pay settlement for 2022 will not sufficiently make the council's grade structure competitive compared to some neighbouring councils and local employers. Pay is however, not the only determining factor for staff to seek alternative employment - higher holiday entitlement, mileage rates and employer pension contributions are also factors.
28. There is a wider range of staff taking up or enquiring about secondary employment. Care must be taken to ensure that staff seeking an additional income stream are aware of working time directive, health and safety and in some cases conflict of interest issues if professional skills are used. Whilst permission will not be unreasonably declined for secondary employment (for those over a specified senior grade) the council needs to protect its interests for conflict as well as supporting employees from a wellbeing perspective.

29. Despite all of the above, the council are trying to respond positively to the challenges, promoting roles on numerous platforms with a new employer brand which showcases the council's terms and conditions on offer including hybrid working for relevant roles, car sharing scheme, flexible working and the learning and development offer. The council is also reviewing some terms and conditions to remain competitive however needing to be mindful of the financial constraints around additional costs.
30. On a practical basis, the council is constantly reviewing the way that services work and how they can be delivered effectively without detriment to the community, partners and agencies that they work with. The council's wellbeing offer is equally as important to support the valuable work that the workforce delivers, with staff signposted to key services, advice, and support with a range of drop-in sessions being planned to ensure all employees can access the benefits and support they need.

Residents & Communities

31. The Resolution Foundation estimated modelling of absolute poverty at a national level predicted that 17% of households would be in absolute poverty in 2020/21. When this figure is used to compare to York's total household this equates to approximately 14,713 households (see analysis at Annex A).
32. Prior to the coronavirus pandemic, the combined impact of austerity with welfare reform, and an increase in low paid and insecure employment had all contributed to increasing and deepening levels of poverty in some of York's communities, as it is elsewhere in the country.
33. The onset of the pandemic in 2020 itself proved to create new financial challenges, increasing pressures on low-income households and the most vulnerable in society, as well as pushing many additional households to experience financial uncertainty and hardship for the first time. The clearest indicator of this can be shown in Universal Credit (UC) claim figures shown below. This shows that double the amount of people remain on Universal Credit than pre-pandemic and 47.7% are in work but are still reliant on benefits:

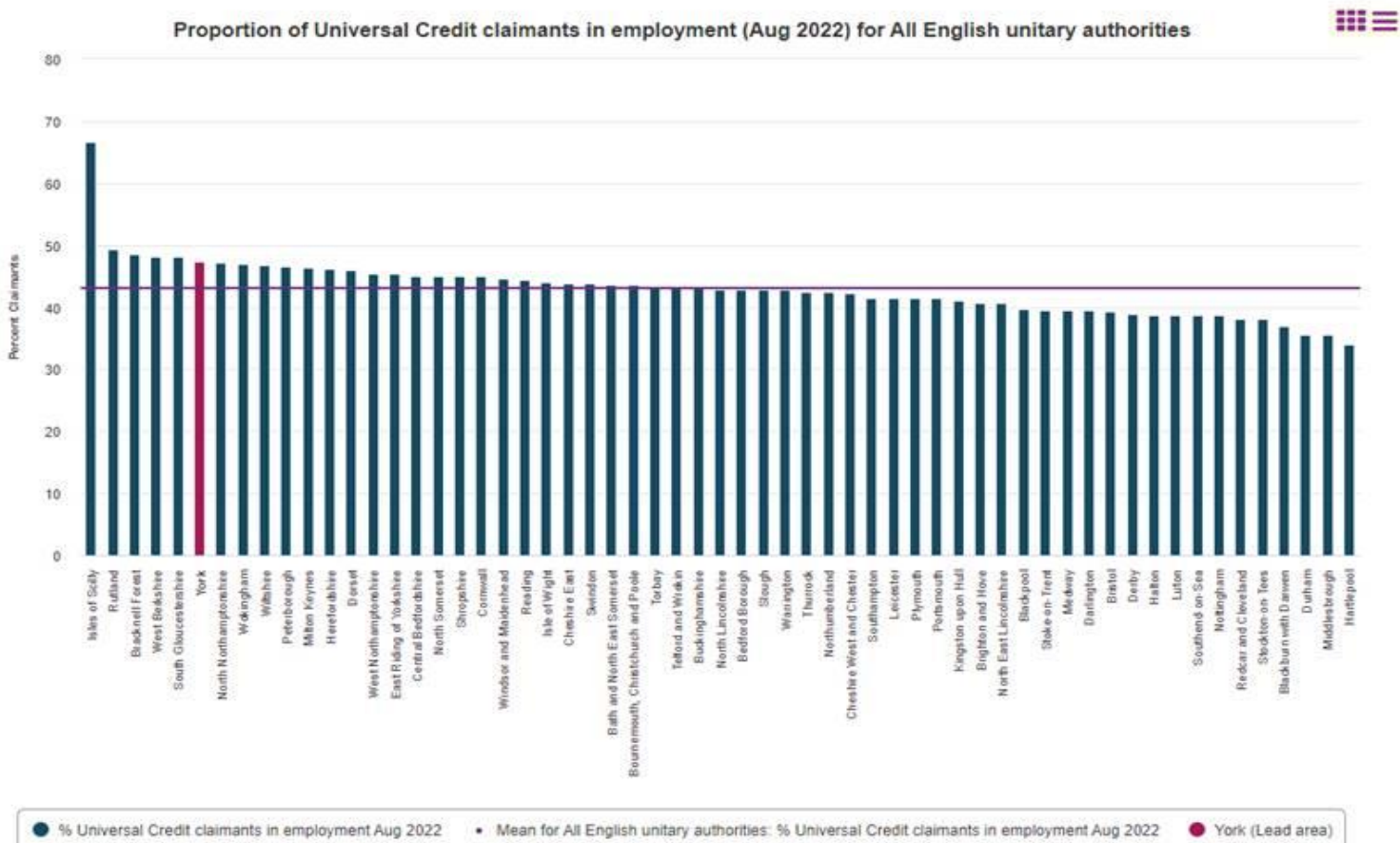
Date	UC Claimants
March 2020	6,535
March 2021	13,367
August 2022	11348*
September 2022	11475**

* 5377 (47.7% in work)

** No in/out of work figures available until the month following.

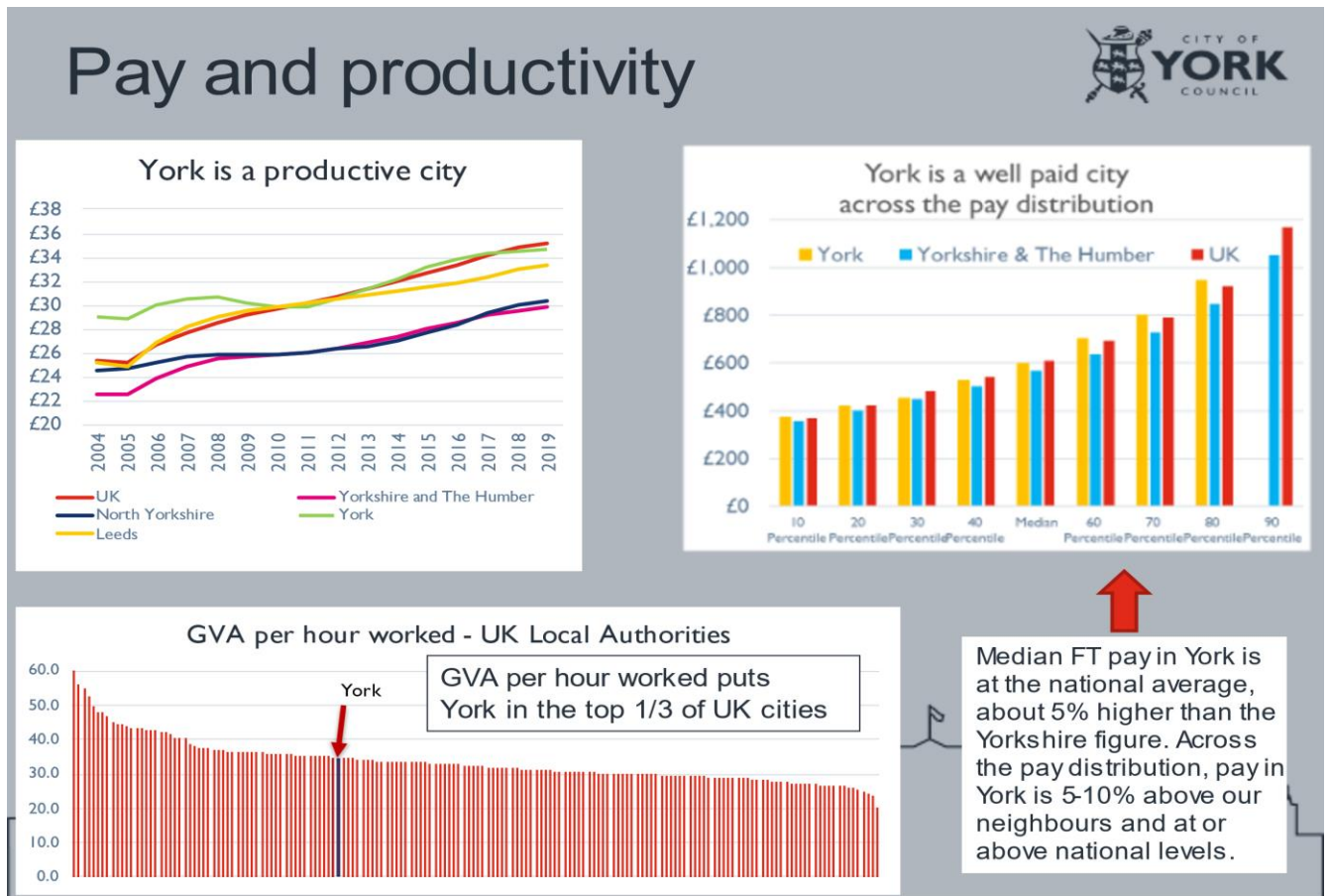
34. Comparatively this proportion of in work level of universal credit claimants is high as shown in Figure 1 below, but this is with low underlying unemployment and a high number of jobs in low paid and part time work in hospitality, retail and social care (relative to other sectors in other cities).

Figure 1:



35. This is within the context of a recovering post pandemic buoyant economy as shown in Figure 2 below:

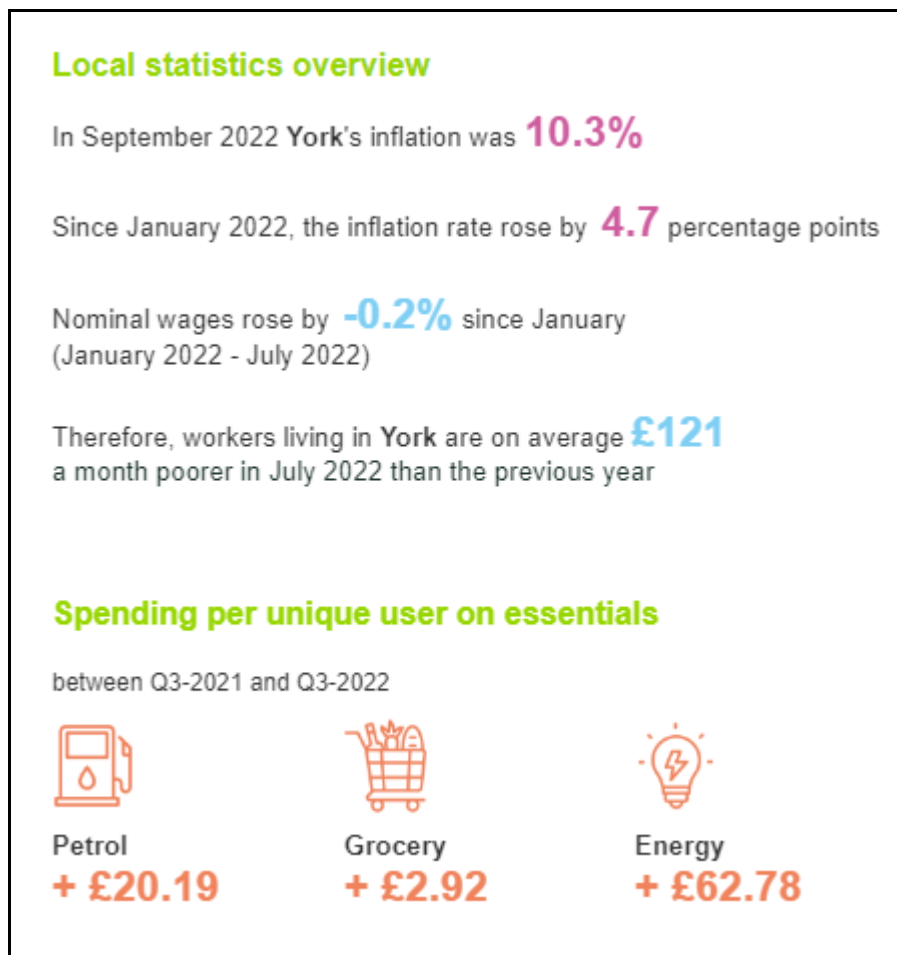
Figure 2 Consolidated York economic data:



36. Prior to this position numerous financial support measures had been implemented at both national and local levels during the pandemic (e.g. benefit up rates and conditionality easements, furlough, self-employed income support scheme, ban on evictions and various short term-funding initiatives for local authorities), providing temporary relief to many households. These measures however were not enough to lift households out of poverty, or to prevent more households from falling into financial hardship.
37. Many vulnerable groups including low-income households were disproportionately affected by issues such as reduction in income due to job losses, and the later removal of national support measures/schemes such as furlough, and removal of the £20 Universal Credit (UC) uplift, all occurring alongside increasing household costs due to rising bills, energy usage and supply challenges.

38. In terms of how cost of living increases have impacted overall on household incomes in York the following information is available from the Centre for Cities – see Figure 3 below.

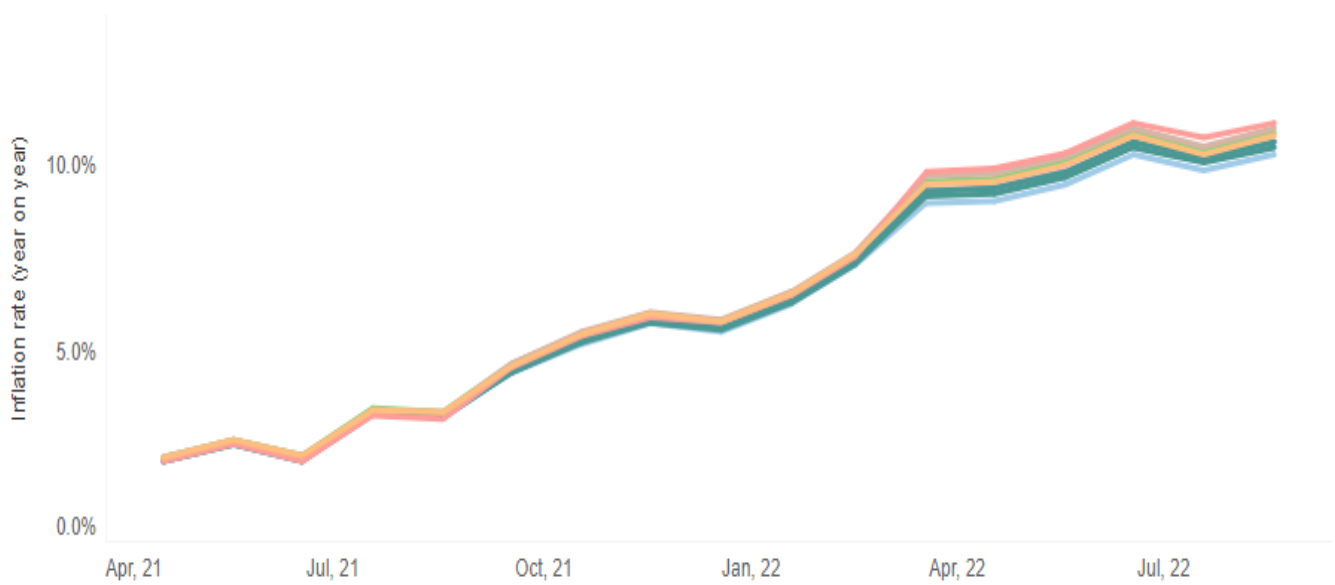
Figure 3 Centre for Cities analysis for York for September 2022



39. During recent months, the financial pressure on households has only intensified. Further inflation rises (as previously stated the highest in 33 years) is impacting on mortgages and rent increases (see below) and the cost of living continues to rise, with the prices of food, fuel and energy being particularly affected, all of which disproportionately impact low-income households.
40. Using the centre for Cities data in Figure 4 it can be seen that compared to other cities in Yorkshire whilst York's local rate of price increase is slightly lower than others, the city's real wage increases have followed the regional trend (whilst York has strong underlying average wages as shown in Figure 2).

Figure 4 Centre For Cities data

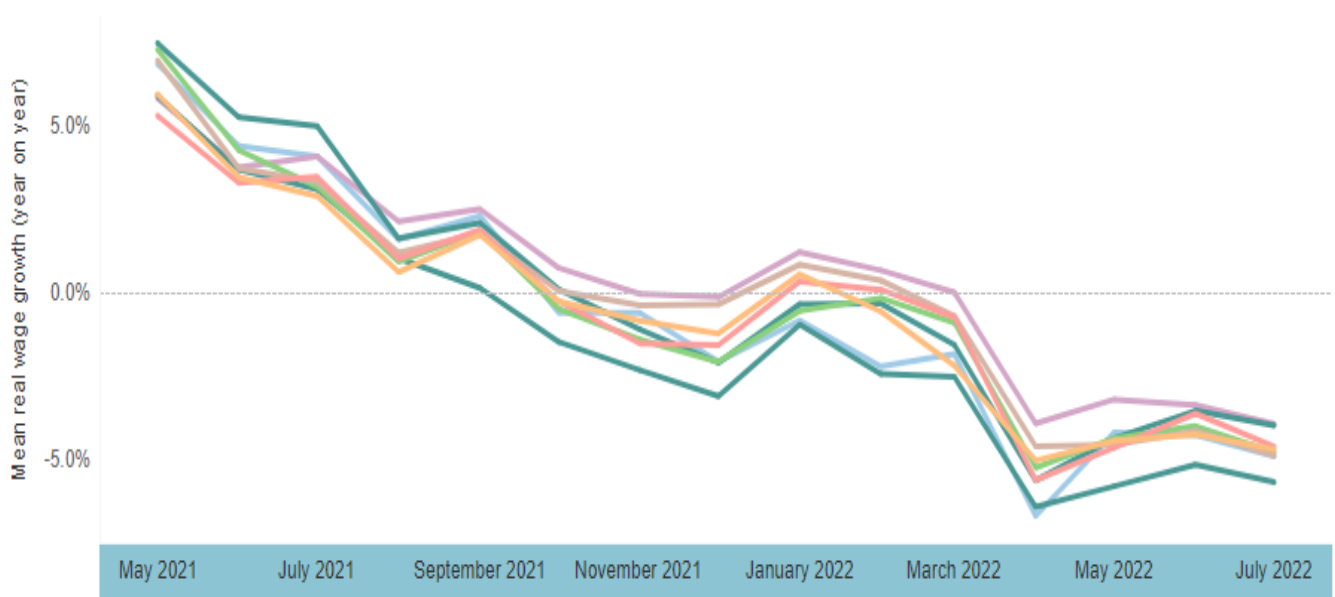
Compare how prices are rising across cities and large towns



Cities or large towns

- Barnsley
- Bradford
- Doncaster
- Huddersfield
- Leeds
- Sheffield
- Wakefield
- York

Compare how wages are rising across cities and large towns



Cities or large towns

- Barnsley
- Bradford
- Doncaster
- Huddersfield
- Leeds
- Sheffield
- Wakefield
- York

41. In terms of lived experience and how the crisis is actually impacting on residents Figure 5 shows Citizens Advice York data on types of issues their clients are contacting them about with significant increases in 2022 in activity relating to debt and charitable support/foodbanks.

Figure 5 Citizens Advice York (CAY) (Quarter 2 feedback July – September 2022):



42. CAY have highlighted the following key features from their client interactions during the same quarter:

- The number of requests for cost-of-living advice is rising sharply and fewer people are seeking other advice as the crisis is taking precedent for them.
- Alongside energy debts, council tax debts and rent arrears, there is a trend for credit card debt rising as people put essential items such as food on credit cards.
- Advice on universal credit is in growth again as people are beginning to lose hours or even jobs as employers are making cut backs.
- The June to September 2022 data showed an average of 62% of clients were disabled or had long term health problems, and of those

disabled 40% suffered with mental health conditions and 29% with multiple impairments.

43. In summary, as everywhere in the country, the overall situation is leading to rising numbers of people facing financial hardship and falling into debt in York, as well as claiming benefits, seeking advice, support and access to food aid and other crisis support services.
44. The issue of benefits levels not accurately reflecting the cost of living, has been continuously highlighted at both national and local levels. In April 2022, benefit levels were updated by 3.1 per cent, well below the March inflation level of 7%. Current forecasts suggest the rate of inflation in January 2023 could still be above the current rate of 10%.

Health Impacts from Income Inequalities

45. The immediate concern for the Health and Social Care sectors is winter 2022, which coupled with the rising prices are also likely to see impacts of winter illnesses including flu and strains of Covid-19. This will further contribute to health and income inequalities.
46. There is no doubt that our communities will be affected as the national cost of living crises drives health inequality. A recent Public Health report (14th Sept 2022) included the following headline issues:
 - Over half of UK people in a recent survey commissioned by the Royal College of Physicians have reported that their health has been negatively affected by the rising cost of living.
 - A YouGov poll found 55% of people felt their health had worsened owing to issues such as higher; heating costs (84%), food costs (78%) and transport costs (46%). Stress was a driving factor. Figures were higher for those on lower incomes.
 - Almost nine in ten community pharmacists in England say they have patients who sometimes go without prescription medicines because they cannot afford the prescription charge.
 - People requiring electrical medical equipment like dialysis are concerned of how their bills may affect their health.
 - The mental health charity, National Voices – Behind the Headlines: the unequal impact of the cost-of-living crisis - highlighted the additional challenges faced by those with long term health conditions and disabilities. For example: people with Crohn's and Colitis face additional costs such as extra bathing laundry and travel costs when they cannot walk, cycle or use public transport.

- According to Marmot (Report) children growing up in cold homes have more psychological and respiratory symptoms than children in warm homes and also perform less well in school.
- Macmillan Cancer Support have reported that heating costs has been the number one issue that people with cancer are asking Macmillan for a grant to support with. They have given over £1 million to support patients with heating in just a 3-month period in 2022.

47. The Association of Directors of Adult Social Services (ADASS) has reported the following health and wellbeing impacts on:

a. The NHS:

- **Discharge:** patients may not be able to be safely discharged to safe and warm homes.
- **Admissions:** increased admissions and appointments due to cold homes increasing likelihood of respiratory infections and the exacerbation of long term conditions (such as cardiovascular disease). A&E attendance is also expected to rise.
- **Admission Avoidance Plans:** NHS plans to mitigate the risks of winter hospital surges by moving care from hospital to patients homes will not be possible if patients homes are too cold to be safe.
- **Continuing Health Care:** Where the NHS is funding care, particularly for people being cared for at home using specialist equipment there will be an increased cost for energy. Where this is not funded by the NHS, the cost will fall upon individuals and families. This affects adults and children with long-term conditions and disabilities.
- **Workforce:** NHS employees are equally affected by rising living costs. This will impact their health, wellbeing and ability to perform, as well as resulting in seeking employment with better terms and conditions (e.g. pay, less travel and so reduced costs). Increased workload and the strain of supporting people with complex needs will also add to the pressures they experience. This raises the likelihood of strike action, which will effect the provision of care and support available and discharges from hospital.

b. Families and individuals:

- **Health Care Costs:** reports of people having to return oxygen equipment and switching off their fridges (which has significant implications for those who need to keep medication cool) due to high energy prices. Having to pay for COVID-19 tests mean people may not test or have the financial support to isolate, and so continue

working. All of these factors will impact NHS admissions and GP attendance.

- **Debt:** not meeting rent or mortgage repayment obligations will create financial pressures which will affect decisions over eating and heating. This is likely to have both physical and mental health impacts, which will increase NHS admissions and GP attendance.
- **Social and Mental Health Impact:** shame over requiring financial or food assistance, as well as financial pressures making everyday social activities unviable increase the risk of loneliness and social isolation. Anxiety about money is linked to anxiety, depression and suicide ideation. This will also have an impact on NHS admissions and GP attendance.
- **Living Conditions:** cold houses heighten the risk of mould and damp, along with associated longer term health problems such as respiratory conditions. This is likely to add to the long term pressures on the NHS and social care.
- **Air Quality:** more people relying on wood/solid fuel burners due to the cost of electricity and gas will affect local air quality. This may exacerbate respiratory and cardiovascular conditions. This is likely to add to the long term pressures on the NHS and social care.

48. They have identified the following specific Health Risk Factors for adults:

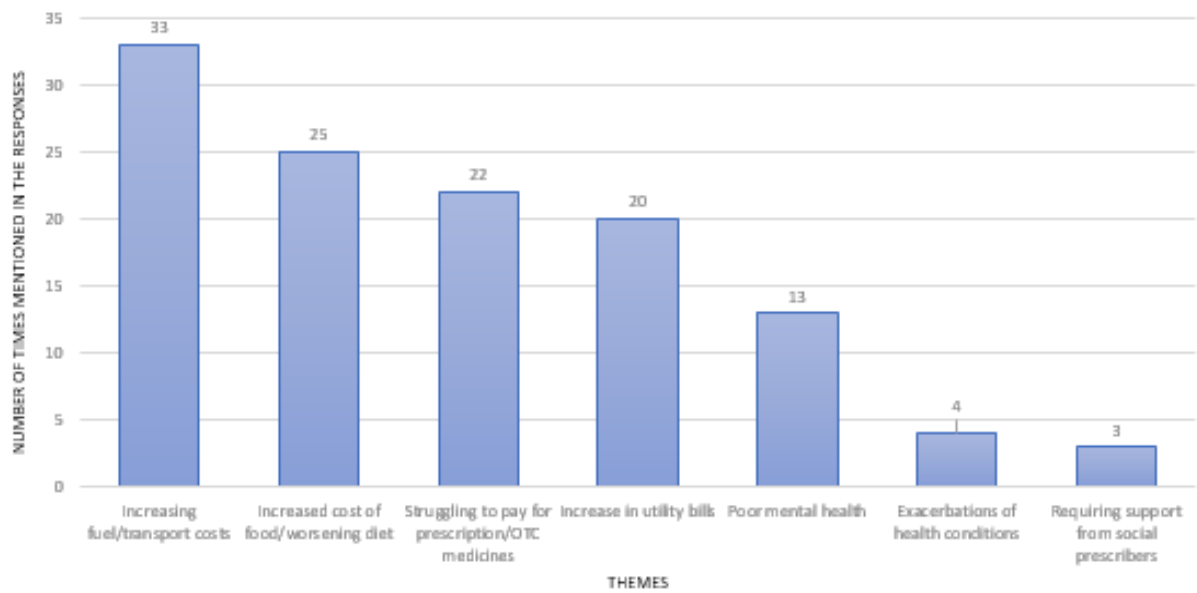
- Respiratory Problems
- Circulatory problems
- Long terms conditions and dementia
- Older people – presenting at hospital resulting from fuel poverty – respiratory problems, lower strength & dexterity, increased symptoms of arthritis so increase in falls.

49. NHS and social care services are under enormous pressure with more than 1,000 people a day attending emergency departments in the region. This pressure has significantly increased recently – especially in hospitals and GP surgeries – and is compounded by rising cases of Coronavirus and seasonal flu.

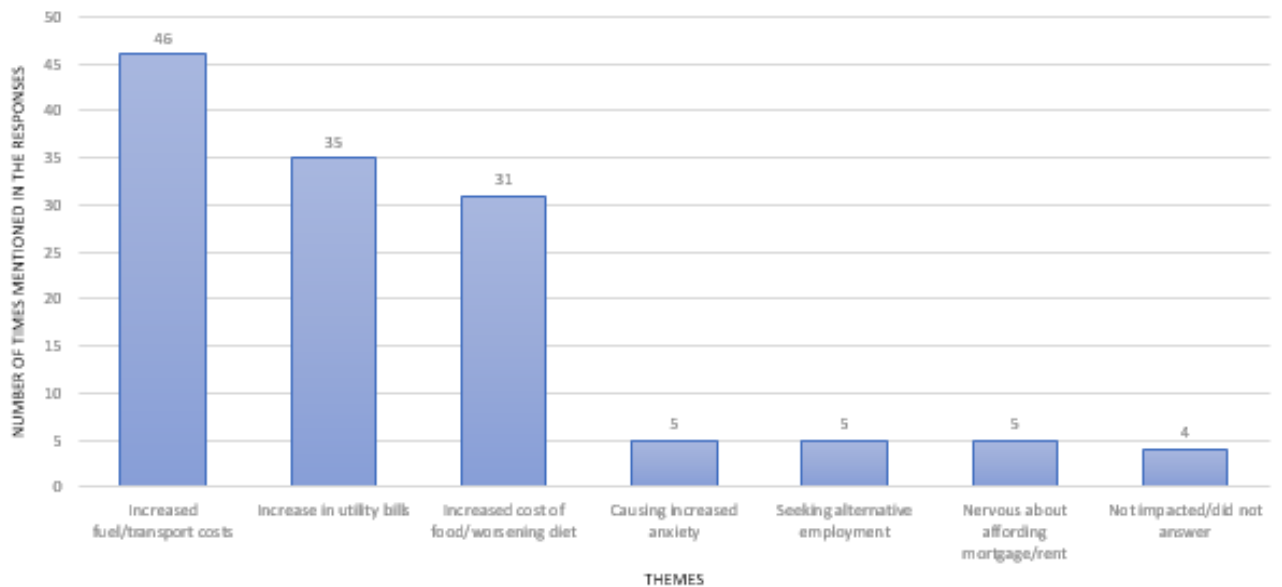
50. In terms of local impact the York Health and Care Collaborative (YHCC) has undertaken a recent survey with 96 responses from across the care sector, but with most responses from Primary Care shown in Figure 6 below:

Figure 6

Please share any ways that you have seen the increased cost of living impacting the users of your service.



Please share any ways that the increased cost of living is directly impacting you.



Impact on Rising Housing Costs

51. The current Council Housing Revenue Account (HRA) rent arrears are £1,845,225 as at end September compared to £1,661,758 July 2022. Housing Services through restructuring have provided dedicated staff for income and arrears work. There is further ongoing training on the new Open Housing system to ensure all staff are confident and competent exploiting the system to maximise its potential. The Housing Hardship Fund created in 2020 to support council tenants in arrears is now nearly exhausted. There is additional monitoring of frontline staff to ensure they are promoting other available funds and support available to tenants.
52. In terms of homelessness the number of contacts has risen from 80 per week pre-pandemic to 200 per week on a consistent basis. The new ways of working developed during lockdown has meant that the Housing team have been able to cope with the additional demand. The focus is on prevention and relief of homelessness where it is needed utilising the private sector as well as the council's own and partner stock for those families accepted as homeless. This higher demand is not due to an increase in any one particular reason (for example Section 21 eviction notices served) but a general increase all round. There has been a small increase in rough sleeping numbers over the summer some of which is linked to increased numbers from outside York. The official rough sleeping count will happen in November. This is replicated across the country and is verified by Government.
53. In terms of context in respect of the impact of the cost of living pressures on housing the following information sets out the current position:

- a. Private rent and the Local Housing Allowance freeze

The Resolution Foundation's national "Housing Outlook Q3 2022" highlights private rent increases as high as 12% year-on-year nationally, with low income private renters already paying a disproportionately high share of income on their rent. This is exacerbated by the freezing of Local Housing Allowance (LHA) at April 2020 levels. As the LHA is used to calculate benefits such as the Universal Credit housing element for private tenants this leaves low income private renters with a rapidly growing shortfall in many cases.

<https://www.resolutionfoundation.org/publications/housing-outlook-q3-2022/>

These factors combine to produce additional pressure on services for the most vulnerable residents. A severe risk of increased homelessness is anticipated alongside other health, wellbeing and educational impacts for households facing financial strain.

b. Mortgages

The Resolution Foundation has also produced up to date analysis of expected mortgage rises. While owner occupiers have had some protection from low interest rates until now, this is now changing rapidly and significantly. Furthermore the forecast combination of rising rates and falling house prices are likely to place additional pressures on council services and on partner organisations, and present further financial challenges to households. It is expected that this will affect the City of York to an extent although given the recent developments and complexity of the interaction between mortgage markets, affordability and house prices further evaluation of local impacts is needed.

Quote:

“In total 1.7 million households will see their mortgage payments rise later this year (Q4 2022) – including 500,000 households on new fixed rate deals – and a further 400,000 households will pay more in early 2023.”

“By the end of 2024, 5.1 million mortgagor households – close to one-fifth of all households in Britain today – will be spending more on their housing costs as a result of increases in mortgage rates since Q3 2022.”

“The increases are described as “stark”, with forecast average increases at almost £100/month: “The average mortgagor household, including those that are protected by their fixed rate mortgage, will see their annual mortgage payments rise by £3,500 between Q3 2022 and Q4 2024.”

Impact on Businesses in the City

54. From both small and large businesses, there is concern regarding the ongoing rise in inflation and the cost of doing business. This is affecting energy bills, transport costs, finance costs, wage costs and the price of raw materials and supplies. Initially the larger businesses were able to absorb costs but lately they have been passing these on in price rises to customers. Some firms are however finding it difficult to pass these increased costs on due to contractual arrangements. For small

businesses, the cost of doing business is becoming a crisis with many now questioning whether they can continue trading as costs increase while the spare money their customers have to spend on goods and services is decreasing sharply.

55. Companies importing are seeing delivery costs escalate and, in some cases, this is being priced separately. This is also linked to disruptions in the supply chain, especially from the far east. This is affecting both deliveries and imports. There are further concerns of supply chain disruption across the continent with the implementation of the European Union's Winter gas reduction plans which will affect UK businesses sourcing from the continent.
56. Recruitment is still a major concern for businesses in York. There are also wage pressures across most sectors, with staff expecting upward of 5% increase in salary as a minimum, reflecting the current rate of inflation. Employers continue to report that they are struggling to find people with the right sets of skills. One company has increased all staff wages by 21% to retain staff and ease recruitment pressures.
57. This places greater importance on the Good Business Charter which now has over 100 signed up organisations in York which pledge to ten key commitments:
 - Real Living Wage
 - Fairer Hours and Contracts
 - Employee Well-being
 - Employee representation
 - Diversity and inclusion
 - Environmental responsibility
 - Pay fair tax
 - Commitment to customers
 - Ethical sourcing
 - Fair payment to suppliers
58. The council's emerging Economic Strategy has focus on the need to increase the range of part-time work and the productivity of lower-paid industries, enable access to training and skills development for all, and support the small and micro businesses that are the bedrock of the city's economy.

Impact on the Voluntary and Community Sector

59. York has a strong and active civil society which in partnership with the public sector in York worked tirelessly throughout the pandemic and now is supporting many residents through the cost of living crisis. Following a

recent Cost of Living Crisis conference hosted by York Council for Voluntary Services (CVS) the sector raised the following concerns:

- Many funding contracts do not have cost of living increases built in and if they do they are insufficient to allow VCS organisations to award pay increases anywhere near in line with inflation.
- Energy costs for those who are coming to the end of fixed contracts, (e.g. CVS electricity is currently 11k and have been quoted as over 40k from March next year).
- A lot of the information in relation to support is digital and can be complicated and complex for advisers and their clients.
- Staff retention - some staff are leaving jobs because they cannot afford to travel to work.
- Many staff are asking to return to working in the office to cut down on heating bills (many of CVS have reorganised to adjust to previous staff requests to work from home and now no longer have the space to accommodate an increase in office based working).
- Concern especially for lower paid staff about cost of living - some organisations are bringing food in for those staff who are already struggling.
- Some foodbanks are concerned there are too many well intended similar groups are springing up and donated food supplies will run out.
- Some are considering opening up for extra days/sessions to cope with demand and offer warm places but need additional money to pay for this, e.g. staff costs, room hire, refreshments.
- Customers/service users are struggling to contribute to refreshments e.g. small amounts for coffee and biscuits but which help with ongoing running costs.
- Organisations that provide financial advice or energy advice run the risk of being inundated as demand for support increases (these are the types of services that need better resourcing as they are the ones that can provide practical support that will make a real difference.)

National/local plans, programme and key activities in place or developing

National & Local Funding Streams for support

National measures

60. This year the Government has made a series of announcements and interventions aimed at easing the inflationary burden on households. These include:
- Fuel Duty cut: From 23rd March 2022, petrol and diesel fuel duty was cut by 5 pence per litre for a period of 12 months.
 - Energy Bill Support Scheme: 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.
 - Council Tax Fuel Rebate: Households liable for Council Tax in Bands A-D received a £150 payment to help with the rising cost of bills.
 - DWP - Cost of Living Payments: One-off cost of living payments have been administered by the DWP. Eligible households have received a payment of £650 paid in two lump sums of £326 and £324.
 - Pensioner cost of living payment - £300 for all pensioner households aged 66 or above paid alongside the Winter Fuel Payment.
 - Disability cost of living payment - £150 for Claimants who receive eligible disability benefits.
 - Two more allocations of Household Support Fund funding of £1m+ for York residents.
61. There have been further calls for the Government to do more, for example by increasing benefits to the most vulnerable, tackling the costs of childcare and protecting frontline public services.

Council & Community response

62. City of York Council and partners have been working to improve financial inclusion. The work has focused on building a strong collaborative partnership to develop innovative and sustainable actions for the residents of York. The Financial Inclusion Steering Group (FISG) has met regularly since 2013 and is a forum for sharing work, ideas, and best practice.
63. A key focus of the council working with partners has been managing the short-term government funding programmes that have been put in place to help mitigate the impact of increasing poverty. Details of the key areas of activities are highlighted below. The full picture of the work undertaken by partners and the council in this field was recently

summarised in the Annual Financial Inclusion and Welfare Benefits Report 2021/22: available here: [Welfare Benefits Financial Inclusion Final.pdf \(york.gov.uk\)](https://www.york.gov.uk/sites/default/files/2022-10/Welfare_Benefits_Financial_Inclusion_Final.pdf).

64. This year the Group have developed draft proposals for a revised Financial Inclusion Strategy and priorities identified were tested out at the York Cost of Living Summit held on 31st October 2022 (see paragraph 85 below) and contributions made at the summit will help to shape the final strategy.

Local Support for residents

65. As outlined in the Annual Report there are a range of support schemes available for residents and their families such as Council tax Support, Discretionary Housing Payments and the York Financial Assistance Scheme. The council's Benefits service continues to deliver a range of shorter term funded schemes including the recent fuel rebate scheme and a second Household Support Grant, plus food and fuel vouchers with recent payments as follows:

Energy Rebate scheme - 74,372 households paid £150 each. Total £11.1m*

Household Support Fund – 8,201 households paid. Total £1m**

Food and Fuel vouchers – over 2,000 vouchers issued. Total over £100k

York Financial Assistance Scheme (YFAS) 626 applications. Total £143k

Discretionary Housing Payments - 98 totalling £87k

*Some this was paid as a credit to council tax accounts

** Plus new HSF scheme from October to March of a further £1m+.

Holiday Activities & Food scheme

66. This scheme supplies food to children along with activities during some of the school holidays. Whilst the funding from the Department for Education is welcomed, this scheme does have limitations, and it is not the only solution to tackling food poverty within holiday periods for all children living in low income households. The funding is insufficient to include all eligible children, and, in addition to this funding limitation, the programme is restricted to 10 of the 13 weeks of annual school holiday. A food (HAF) officer is working with providers across the city to improve the offer working alongside a financial inclusion funded food officer to establish networks on the ground within communities.

67. The food and fuel voucher scheme continues to support communities across York and the maps in Annex B and C shows where that support is being accessed. Residents access these vouchers through trusted partners who then can give further advice and information about the full range of support that the person or family may be able to access.
68. Through the work of the council's Migrant Officer in communities CAY have trained Ukrainian residents working alongside York Foodbank to give debt advice locally.

Local Initiatives, Money Information and Awareness Raising

Advice and Information

69. The council now regularly undertakes Challenge Poverty/Talk Money events (Talk Money Week 11-16 July 2022) in which the advice sector in York (called the Advice York network) delivers a range of activities designed to support those struggling with a wide range of money worries. In the most recent event (Talk Money month) which lasted 4 weeks from 17 October – 12 November 2022 the *Worrying about money?* Leaflet based on national best practice was widely utilised by partners in starting the conversations about financial challenges for individuals and families with solutions for support to hand.

Council Tax Debt Pilot

70. The council is currently delivering a council tax 'debt pilot' which provides a dedicated welfare benefits adviser to support people who are finding it difficult to pay Council Tax and are at risk of arrears and court action. The adviser looks at their whole situation, ensuring people know about and are claiming all support available, maximising their income and reduce outgoings to help them manage their money and finances, including Council Tax payments, in a sustainable way going forward.
71. The project is testing and developing a model of working between advisers and Council Tax, Housing and Benefits services which takes a holistic approach of residents' situations and the support that is available.
72. So far, the project has been able to provide positive outcomes for 47% of people supported through the project.

Ward funded projects

73. Councillors in Hull Road and Heworth Without have worked on a pilot initiative being delivered through ward committee work to increase the take up of pension credit. It is well known that approximately one third of

pensioners do not claim pension credit and this can make a considerable difference to their income at any time let alone during the cost of living crisis.

74. The initiative will see a mixed approach including fortnightly take up sessions for the next 6 months within the community itself. Using data analysis the households within the ward will be targeted with information and Explore's mobile library bus will be used as a mobile community based office to help qualifying residents make applications. Elsewhere similar work will be rolled out through local volunteer groups.
75. The work will be monitored and the outcome of the pilot will be reported later in the new year. This sits alongside a wide range of ward based funded projects to support residents during the crisis – these range from food projects to Citizen Advice York outreach services.

Food Sufficiency, Good Place Network and Warm Spaces

76. Food sufficiency work has been facilitated by the council funding the Food Officer within the Communities Team and working with York's Good Place Network. The Good Place Network aims to bring together a previous Community Venues Network with community hubs and food projects to share best practice, network and discuss the pertinent issues facing community venues and projects.
77. In addition the Team are working with Healthwatch York to gather information about available warm spaces in York available over the winter and have developed a Warm Place 'filter' available on the Live Well York community website. A funding scheme is being developed to support community organisations to make the most of the opportunity to support their communities over the Winter months offering warm welcoming spaces.

Community Hubs

78. The council's community approach as a priority in the Council Plan, has been to develop Hubs within York's neighbourhoods and wards. The Hubs have been both physical and virtual (virtual throughout the coronavirus pandemic). They provide a focus for communities where residents can build relationships, access support and advice, food supplies/meals, learning and development activities.
79. The Hubs help to encourage more resilient communities through the support they can provide not just from the council but through community and voluntary organisations and resident volunteers themselves. They

help develop life skills as well as providing community contact for those who may be lonely, isolated, or vulnerable.

80. The Hubs also help provide 'intelligence' to the council on the real issues affecting communities so assumptions are not made. Linking in the Local Area Co-ordinators (LACs) and other community officers to the Hubs within wards helps to provide a network of support across the city. The Hubs form a key part of the city's armoury in supporting residents through the cost of living crisis also providing 'warm spaces' where residents can meet.

Poverty Truth Commission

81. The York Poverty Truth Commission (PTC) is currently being established through York CVS, part funded by the council and other partners. The purpose of the Commission is to put those with direct experience of poverty first and asking them to share their knowledge about what is truly needed to make change. They set the agenda. It acts as a vital link between those with experience and decision makers in the area, building real relationships and real trust. It also removes labels such as 'service user' and 'professional' and humanises the system which is currently in place to tackle poverty. Finally, it is a 'power-dynamic equaliser' in that all people within the PTC should be heard, and everyone's opinions are valued.
82. The PTC is currently at phase 1 which sees approximately 15 Community Commissioners recruited who have direct experience of poverty. They will meet regularly for a period of 6 to 8 months to get to know each other and explore experiences and decide what they would like to communicate about poverty to their area. About the same number of Civic and Business Commissioners are to form the other half of the commission. The phase will end with a public event in which commissioners share their experience of poverty.

HRA Energy Efficiency Programme

83. The progress of the HRA energy efficiency programme is set out below:
 - a. This financial year the council expects to deliver over 500 substantial improvement measures to around 250 homes across all tenures. The majority of these works are wholly or predominantly funded utilising around £3m government funding successfully secured in 2021/22.
 - b. In addition to this the council will undertake a series of 'quick win' interventions over the coming six months to help residents stay

warm. As such £60k is to be allocated to allow measures such as draught proofing and simple insulation measures be carried out to the homes of around 250 of the city's most vulnerable council tenants.

- c. A Social Housing Decarbonisation Fund Wave 2 bid is under development to deliver further energy efficiency improvements to over 100 council homes, for a programme around £2m including 50% match funding for. This proposal would fully commit the £2m HRA Retrofit Fund and should the bid be successful, around 190 council homes would have been improved to at least an EPC C standard utilising this existing budget.
- d. A draft Retrofit Action Plan is currently out to formal public consultation and sets out the need and range of tools available to both deliver and facilitate further retrofit works over the coming years. The Retrofit Action Plan aims to reduce emissions and energy bills across all tenures and will be considered by Executive later this year.

Support for businesses

- 84. In addition to considerable financial support schemes delivered throughout the pandemic the Business Rates team have awarded the Covid Additional Restrictions Fund (CARF) reduction to around 1000 businesses amounting to approximately £4 million. The Team have been working with the Economic Growth Team to identify any new qualifying cases, and awarded CARF to over 600 more businesses by the end of September.

Cost of Living Summit

- 85. The council through its own support and the national available welfare offer will not be enough, however, to resolve the escalating challenges as outlined in this report. The resources available will not be sufficient to meet the scale of the need. As such, re-energising citywide efforts to target the root causes of poverty and inequality, providing people with the support and opportunities they need to earn a good living and enjoy a healthy, secure family life, are more important than ever.
- 86. In light of this the council and University of York hosted a York Cost of Living Summit on 31st October 2022 with the aim of utilising the city's strengths to mitigate the impact of the current crisis and ultimately build stronger relationships and resilient communities. The summit was

requested as part of a Council motion in July 2022 declaring a Cost of Living Crisis in York.

87. The focus of the Summit was collectively ***What can we all do to help the city through this crisis? We know the constraints but what can we do better within them?*** The summit brought together 39 organisations and 70 people with ideas to match challenges with existing resources and capacity. This included an element of matching offers, wants and ideas (part of the registration process included questions to help identify this in advance of the event) and facilitating partnership building and identifying pathways for both organisations and individuals in the city to contribute.
88. The feedback from the event is extensive and is currently being collated into a sharable electronic form which will allow continuing ideas to be formulated and conversations to take place online. The challenge will be turning the outputs into actions that summit partners are able to take forward with likely further planned conversations to take place. As previously described some of the output will further help to refine the council's draft revised Financial Inclusion Strategy.

Other actions

89. Given the level of the impacts of the current Cost of Living Crisis Corporate Management Team (CMT) have agreed that a cross service Internal Cost of Living team is to be set up involving the network of officers already involved in the external Financial Inclusion Steering Group plus others such as Human Resources. The Team will:
 - a. Sense critical pressure points within the council and within communities, and escalate issues through to CMT;
 - b. Oversee finalising and delivery of the draft Financial Inclusion Strategy;
 - c. Ensure that momentum is maintained from the Summit to secure quick wins, facilitate ongoing and productive relationships, and develop longer term opportunities for the city from commitments made which can be fed into either the Poverty Truth Commission or other developing strategies.
90. Communities, financial Inclusion and food champion portfolio holders will be regularly briefed on the key issues being considered and responded to by the Team.

Conclusion

91. The cost of living crisis is not just a local issue but a national and international one. The impacts are significant for those delivering services in the local authority and the NHS, for our residents and communities and for our local businesses
92. The council is demonstrating community leadership as the crisis continues and develops over the coming months and years. The approach taken would normally be one that looks to deal with the immediate issues whilst addressing the cause of the problem. In the current circumstances we can only seek to support and respond to the issues affecting our residents as a result of the crisis whilst planning for the longer term recovery.
93. This report sets the scene and shows the extent of work been undertaken by the council and with its partners. The cost of living summit on Monday 31 October showed the willingness of organisations across the city to come together to try and better support our residents. It is clear that the best way to do this is by working together.
94. Other messages coming through from the summit and this report are that council and voluntary sector employees are caught up in the crisis. There is not enough money in the system to resolve all the issues and the funding position is not likely to improve so local innovation, solutions and capacity are going to be key to local improvement.
95. The coming years will be a real test of the resilience of our communities. Positively there is a real 'team' commitment across the sector to help and support no matter how small or large and we all have a part to play. This is a real opportunity to work together cohesively for the benefit of our communities.

Consultation

96. Corporate Management Team and the York Cost of Living Summit informed the content of this report.

Options

97. There are no alternative options to consider as this report is for information and noting only.

Analysis

98. As above

Council Plan

99. This report covers all priorities as set out in the Council's Plan 2019-23 (*Making History, Building Communities*) and any other key change programmes.

Implications

100. As this report is for information only there are no direct implications of this report although the Cost of Living Crisis impacts financially on the council and the city's businesses and residents. If an equalities impact assessment had been undertaken on any related decisions there would be a detrimental impact of the crisis on all those with single or multiple protected characteristics. Any solutions developed in partnership across the city would seek to mitigate impacts across all equality groups.

- **Financial** None
- **Human Resources (HR)** None
- **Equalities** None
- **Legal** None
- **Crime and Disorder** None
- **Information Technology (IT)** None
- **Property** None
- **Other** None

Risk Management

101. Cost of Living Risks have been added into the council's Corporate Risk Register in relation to the following risks:

- KCR1 Financial pressures
- KCR4 Changing demographics (health impacts)
- KCR7 Capital Programme costs
- KCR9 Communities (Wider determinants of health impacts)
- KCR10 Workforce/capacity risks
- KCR11 External market conditions (failure to deliver commissioned services)
- KCR12 Major incidents eg power outages over winter.

Contact Details

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Report
Approved



Date 10/11/2022

Specialist Implications Officer(s) List information for all

Financial:

Name: Debbie Mitchell
Title: Chief Finance Officers

Legal:-

Name: Bryn Roberts
Title: Director of Governance

Wards Affected: [List wards or tick box to indicate all]

All

For further information please contact the author of the report

Background Papers:

Financial Inclusion/Welfare Benefits outturn report 2021/22
Executive Member for Finance & Major Projects Decision Session 10th
October 2022

Annexes

Annex A Households in Absolute Poverty
Annex B Food Vouchers issued (to October 2022)
Annex C Fuel Vouchers issued (to October 2022)

List of Abbreviations Used in this Report

A&E	Accident & Emergency
ADASS	Association of Directors of Adult Social Services
CAY	Citizens Advice York
CMT	Corporate Management Team
CVS	Centre for Voluntary Services
EPC	Energy Performance Certificate (rating)

FISG	Financial Inclusion Steering Group
GDP	Gross Domestic Product
GP	General Practitioner
HRA	Housing Revenue Account
k	Thousand
LGA	Local Government Association
LHA	Local Housing Allowance
m	Million
NHS	National Health Service
PTC	Poverty Truth Commission
UC	Universal Credit
UK	United Kingdom
VCSE	Voluntary, Community and Social Enterprise (sector)
YHCC	York Health and Care Collaborative