



Title of meeting: Cabinet

Date of meeting: 6 February 2024

Subject: Supporting residents with the cost of living

Report by: James Hill, Director of Housing, Neighbourhood and Building Services

Report author: Mark Sage, Tackling Poverty Coordinator

Cabinet Member: Councillor Steve Pitt, Leader

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. To highlight the impact if the Government decides not to extend Household Support Fund (HSF) grant to local authorities from 1 April 2024, and what this would mean for the Council's ability to support residents affected by the cost of living crisis.
- 1.2. To make recommendations for the Council to continue to provide cost of living support to residents in financial hardship during the financial year April 2024 to March 2025, subject to the Council budget-setting process and any announcement from Government on HSF or other funding for local authorities to provide cost of living support.

2. Recommendations

- 2.1. Cabinet approves the plan to deliver cost of living support to residents through the service delivery outlined in Appendix 1, subject to the Council budget-setting process and any announcement from Government on HSF or other funding for local authorities to provide cost of living support.
- 2.2. Cabinet delegates to the Director of Housing, Neighbourhood and Building Services, the implementation of the plan and adjustments to the plan and spend, in the event that other funding sources become available, in agreement with the Leader and S.151 officer.



- 2.3. Cabinet asks the Tackling Poverty Coordinator to continue to work with partner agencies and residents to ensure we have a joined up, partnership approach to cost of living support, making best use of resources across the statutory, voluntary and community sectors.
- 2.4. Cabinet notes the Leader's letters sent to the Secretaries of State at the Department for Work and Pensions and the Department for Levelling Up, Housing and Communities shown in Appendix 2, and agrees to continue to lobby Government for additional funding for Local Authorities, to enable us to provide more comprehensive local welfare provision and support to residents affected by the ongoing cost of living crisis.
- 2.5. Cabinet places on record their thanks for the cross-directorate working group which has supported the implementation of the delivery of the Household Support Fund in 2023/24 and produced a plan to sustain a package of cost of living support throughout 2024/25.
- 2.6. Cabinet also places on record a note of special thanks to the teams across the Council who have delivered support to residents affected by the cost of living crisis, and to the Council's Tackling Poverty Coordinator and the Household Support Fund delivery team who have administered the HSF in 2023/24. The setting up of a delivery team, designing application processes to deliver the grant to households throughout the city in the same financial year the grant was received is noted as exemplary work.

3. Background

3.1. Responding to the cost of living crisis

- 3.1.1. Providing support to residents who have been affected by the rising cost of living has been identified as a priority by the administration, and included in the Council's Corporate Plan for 2023/24; under our mission to improve lives, we will work to support individuals and families struggling to make ends meet.
- 3.1.2. Prior to the sharp rise in the cost of living during 2022-23, the Council was already providing a range of support and advice to low income households in the city, with services delivered by a number of Directorates. These include:
 - 3.1.2.1. Specialist money and benefits advice through the Housing money advice team and the Adult services financial assessments and Benefits team;
 - 3.1.2.2. Access to affordable culture and leisure through the Portsmouth Leisure Card;
 - 3.1.2.3. Employment, learning and skills programmes;

- 3.1.2.4. The HAF Fun Pompey programme, offering holiday activities and food to low income families;
- 3.1.2.5. Support for people in fuel poverty delivered through Switched On Portsmouth.
- 3.1.3. The cost of living crisis increased both the number of households that are struggling financially, and the depth of poverty for those already in difficulties.
- 3.1.4. The initial strategy implemented by the Council in response to this had three elements: to understand the existing work happening at the Council and through existing networks to build on relationships and good practice; to put together an immediate response to help people; and to use data and insight to support the development of a longer-term approach.
- 3.1.5. The cost of living project was launched in November 2022, and provides dedicated cost of living support for residents through an online hub, a telephone helpline, and a support worker who deals with complex cases and undertakes outreach work. The activity is supported by a range of marketing to ensure residents are aware of the available support.
- 3.1.6. In its first year (7 November 2022 to 6 November 2023), the online information hub was visited 37,000 times, by over 29,000 users.
- 3.1.7. The most viewed information was help with essential costs, including energy and other bills and help with food.
- 3.1.8. During the same period, there were over 1,700 calls to the cost of living helpline, which resulted in 126 referrals to the cost of living support officer, and 1,021 supported referrals to City Council services, external agencies and voluntary and community sector organisations, including 236 food bank referrals.
- 3.1.9. The project also uses data and insight from a range of local and national sources¹ and results from the Council's most recent resident survey², to understand the impact of the rising cost of living on people in Portsmouth.
- 3.1.10. The rising cost of living is driven by inflation; increases in the cost of everyday essentials for households in Portsmouth.
- 3.1.11. Last winter, maximum energy prices were restricted by the Energy Price Guarantee, which meant that an average household would pay £2,500 per year for gas and electricity.

¹ <https://www.portsmouth.gov.uk/services/health-and-care/health/joint-strategic-needs-assessment/poverty-and-cost-of-living/>

² <https://yourcityyoursay.portsmouth.gov.uk/resident-research/>

- 3.1.12. From July 2023, Ofgem reduced the energy price cap to £2,074, and £1,834 from October, before increasing again to £1,928 from January 2024.
- 3.1.13. However, during winter 2023-24, the Government did not provide households with the £600 Energy Bill Support Scheme that was provided the previous winter, meaning that total average household energy costs are very similar this winter to the previous winter.
- 3.1.14. In addition to this, Ofgem has increased the standing charge element of energy bills, which costs more proportionally for low usage households, who are often low income and in fuel poverty³.
- 3.1.15. This means that some of the lowest income households in Portsmouth could have higher energy bills this year than last year.
- 3.1.16. Although the rate at which food prices are rising has slowed, they remain high. The overall price of food and non-alcoholic beverages rose by around 26% between December 2022 and December 2023. In the 10 years prior to this, overall food and non-alcoholic beverage prices rose by just 9%⁴.
- 3.1.17. The Consumer Price Index reached a peak of 11.1% in October 2022⁵. This reduced to 4.0% by December 2023, however this does not mean that prices are reducing, just that they are increasing at a slightly slower rate.
- 3.1.18. Even if inflation falls further as expected, increases in prices over the last two years will continue to put additional pressure on household budgets until wages, benefits and pensions catch up.
- 3.1.19. In the Council's residents survey in summer 2023, four in five residents told us they are concerned about the rising cost of living and their ability to manage their finances, with those aged 16 to 44, families with children, households with a disabled person, ethnic minority households and renters being the most concerned.

3.2. Government support with the cost of living

- 3.2.1. Household Support Fund (HSF) was first made available to local authorities in October 2021 for six months, and followed the closure of the Covid-19 Furlough scheme, the removal of the £20 per week uplift to Universal Credit entitlements, and the first significant increase in the energy price cap.
- 3.2.2. In April 2022, local authorities received confirmation that HSF had been extended until 30 September 2022, and on 30 September, the scheme was extended for another six month period, to 31 March 2023.

³ <https://www.nea.org.uk/news/standing-charge-rises-low-income-households/>

⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>

⁵ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/december2023>

- 3.2.3. The Government's Autumn 2022 Budget statement announced that HSF would be extended for another year, in response to the rapidly developing cost of living crisis. On 20 February 2023, Local Authorities received the final guidance for the 2023-24 scheme, which included some significant changes in how support should be delivered.
- 3.2.4. The Council has made full use of the funding available in each round of the HSF, providing a range of assistance to residents directly and in partnership with schools, childcare settings, and voluntary and community sector organisations.
- 3.2.5. Previous reports updating Cabinet on HSF and support with the cost of living are shown in the document table at the end of this report.
- 3.2.6. An update on the delivery of the current round of HSF is provided in Appendix 3.
- 3.2.7. In addition to HSF administered by the Council, Portsmouth residents have been able to receive additional financial support direct from the Department for Work and Pensions.
- 3.2.8. In 2023-24, around 27,000 households in Portsmouth received one-off cost of living payments worth up to £900, 18,400 residents received disability cost of living payments of £150, and winter fuel payments were increased by between £150 and £300.
- 3.2.9. However, the Government's Autumn 2023 Budget statement made no provision for any further Household Support Fund grant, cost of living payments or increased winter fuel payments.
- 3.2.10. The only significant additional financial support announced in the Autumn statement was to re-evaluate Local Housing Allowance rates to the 30th percentile of local market rents from April 2024, with these rates to be maintained in cash terms in future years.
- 3.2.11. The additional funding for Local Housing Allowance is important for private rented sector tenants facing a shortfall between the amount of financial support they receive and the cost of their rent, but this is only one element of the cost of living crisis, and the increased support will not benefit City Council or Housing Association tenants, owner occupiers, or those living with friends and family. As outlined above, the Household Support Fund has supported a wider range of households who will not receive the same benefit through the increase in Local Housing Allowance rates.
- 3.2.12. Government have indicated that there will be a budget announcement on Wednesday 6 March. In the event that the budget announcement (or any announcement before or after) changes the position by extending the Household Support Fund or providing alternative funding for Local Authorities

to deliver local welfare assistance or cost of living support, the plan set out in this report can be adapted accordingly.

3.3. Proposed ongoing cost of living support 2024/25

- 3.3.1. In the absence of further financial support for Portsmouth households struggling with the cost of living, the Council will need to target limited resources to continue providing support to our residents when needed.
- 3.3.2. The proposal seeks to maintain essential elements of the current offer to help those in the greatest need, within the resource available, by providing:
 - 3.3.2.1. The cost of living support line universal offer, to help families and individuals navigate the support that remains in place across the city;
 - 3.3.2.2. Grant funding to the food support network;
 - 3.3.2.3. Extension of the HAF Fun Pompey programme to enable a wider range of families to access the programme and maintain support for families facing acute financial hardship;
 - 3.3.2.4. Grant funding for debt advice customers who are unable to afford the cost of entering a formal debt solution.
- 3.3.3. The detail of the package and reasons for these recommended areas of focus are outlined in the following section, and summarised in Appendix 1.
- 3.3.4. Even with the additional support in place, the loss of almost £3.8 million in annual funding for local welfare assistance will undoubtedly have a significant impact on lower income households in Portsmouth.
- 3.3.5. The fact that the Government may be withdrawing funding for local welfare provision means that the Council would have no dedicated source of funding to alleviate financial hardship, and would be reliant on identifying other sources of funding to meet this need.
- 3.3.6. The loss of funding for the family voucher scheme is the largest financial loss and will affect around 6,000 families in Portsmouth. This support was delivered in partnership with schools, and the Council will use that partnership to inform parents about these vouchers ending, and the sources of help that remain available to them.
- 3.3.7. Loss of funding for furniture and white goods will increase the number of residents living in material deprivation, without essential items needed for a reasonable standard of living. This will increase demand on local charities that provide essential items, and increase the need for support workers to help

residents find alternative provision, including charitable grants and affordable loans.

- 3.3.8. The online cost of living hub will help to ensure that local residents and agencies supporting them have access to accurate and up to date information on the options available.
- 3.3.9. The loss of funding for additional fuel poverty measures means that needs could be identified, through the Switched On Portsmouth helpline or the LEAP home energy advice visit programme, without funding being available to meet those needs. The council's Energy Team will continue to work in partnership to ensure that Switched On Portsmouth enables residents to access all of the available sources of funding to improve cold homes and reduce energy bills.
- 3.3.10. The Portsmouth Health and Wellbeing Strategy identifies poverty as one of the 'causes of the causes' of health inequalities, with work on this priority area led by the council's tackling poverty coordinator, working with the local multi-agency partnership for tackling poverty, which is a sub-group of the Health and Wellbeing Board. This work will continue, to ensure the council is taking action to tackle poverty in partnership with other anchor institutions and the voluntary and community sector.

4. Reasons for recommendations

4.1. Access to information, advice and support

- 4.1.1. People in financial hardship can be vulnerable to exploitation, from illegal money lending (loan sharks), to mis-selling of Individual Voluntary Arrangements and other debt relief products.
- 4.1.2. Nearly half (48%) of people who are behind on consumer credit bills have felt overwhelmed by the frequency of contact from their creditors⁶.
- 4.1.3. The latest wave of the council's resident research shows that the council continues to be a trusted source of advice and information, with over two thirds of respondents saying they feel it is very or quite trustworthy, compared to only a quarter for central Government⁷.
- 4.1.4. The council should use its role in the community to help people find accurate, up to date and relevant information that can help residents to manage the cost of living.
- 4.1.5. Not everyone can be helped online or in a single phone call, so in addition to this universal offer, since November 2022, the council's new cost of living support worker has been able to take referrals from the cost of living helpline

⁶ <https://www.moneyandmentalhealth.org/wp-content/uploads/2023/12/Debts-and-despair-report.pdf>

⁷ <https://yourcityyoursay.portsmouth.gov.uk/resident-research/wave-four-november-2022/trust/>



and other local partners, for people who need one-to-one support with their issues.

4.1.6. Maintaining this specialist support role ensures there is both a universal offer, and additional help when needed.

4.2. Portsmouth food support network

4.2.1. The local voluntary and community sector provides a range of support with food, in all areas of the city⁸. This includes:

4.2.1.1. Food banks, providing emergency food parcels for people who have no food;

4.2.1.2. Community meals, providing regular prepared food for people who may not otherwise have access to cooked meals;

4.2.1.3. Community larders and pantries, offering members food and other essential household items at significantly reduced prices.

4.2.2. The impact of the pandemic followed by the cost of living crisis has meant that services are seeing historically high and increasing levels of need, alongside reductions and disruptions in the supply of food, from individual donations and charitable and corporate support.

4.2.3. HIVE Portsmouth provides support to local organisations looking to develop and extend the provision of food support to areas where it is needed.

4.2.4. Since 2020, the council has provided financial support to food support network services to enable them to continue meeting the level of need in the city. In 2023-24, £360,000.00 has been allocated from the Household Support Fund budget to support these services.

4.2.5. The council should seek to provide a level of grant funding to food support services in 2024-25, and continue working alongside the HIVE and other partners to increase support to the network through the local community, businesses and funding bodies.

4.3. Holiday activities and food

4.3.1. Thousands of families with school age children have benefited from supermarket vouchers under the Household Support Fund. These followed on from previous grants, starting with the Covid Winter Grant Scheme in October 2020, that were provided partly in response to concerns around 'holiday hunger', and the additional financial pressures on low income families in school holidays.

⁸ <https://www.portsmouth.gov.uk/services/benefits-and-support/help-and-support/help-with-food/>

- 4.3.2. Although the Household Support Fund did not provide sufficient funding to distribute vouchers during every holiday period, in 2023-24, vouchers were distributed during the summer and the winter to help alleviate those financial pressure points.
- 4.3.3. The HAF Fun Pompey programme, funded by the Department for Education's (DfE) Holiday Activities and Food (HAF) programme, will provide a range of activities and nutritious food during the easter, summer and Christmas holidays in 2024.
- 4.3.4. DfE guidance means that HAF-funded activities can only be delivered during these three holiday periods, and the majority of funding must be used for children in receipt of free school meals.
- 4.3.5. Additional funding for the HAF Fun Pompey programme in 2024-25 will enable the programme to support additional families who might miss out due to the strict DfE eligibility criteria, and allow the programme to provide support to families outside of the three main holiday periods.

4.4. Support for debt relief measures

- 4.4.1. Free, independent and impartial specialist debt advice is available to Portsmouth residents from the council-funded drop-in centre at Advice Portsmouth, the Money and Pensions Service-funded debt advice service at Citizens Advice Portsmouth, and through the Housing Money Advice team, for Portsmouth City Council tenants.
- 4.4.2. Debt has a huge impact on household finances, as well as physical and mental wellbeing. Unfortunately many households who are unable to repay their debts struggle for months or even years before seeking help and advice.
- 4.4.3. An independent debt adviser can help someone explore their options to get out of debt. Sometimes that will require a statutory debt solution, which include debt relief orders and bankruptcy.
- 4.4.4. But both of these tools to help people move on from debt have fees which must be paid before the process can start. The Household Support Fund has provided grant funding to enable people receiving specialist debt advice to be referred for financial support with these fees.
- 4.4.5. Allocating funding for debt solution fees, by referral from specialist debt advisers, will ensure that no one is prevented from resolving their debts by the cost of the fee.

5. **Integrated impact assessment**

- 5.1. A full impact assessment of delivering the support outlined in the recommendations is included at Appendix 4.



6. Legal implications

- 6.1. Section 1 of the Localism Act 2011 allows the council under its general power of competence to do anything an individual may generally do, provided it is not prohibited by other legislation; this general power must be used in accordance with the Act, for purposes for the benefit of the council and its residents. The Council can use this general power to make proposed payments where there is no other power to do so.
- 6.2. In making a decision, the council must comply with the public sector equality duty under s.149 Equality Act 2010. This requires the council, when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; advance equality of opportunity between people who share a relevant protected characteristic and those who don't; foster good relations between people who share a relevant protected characteristic and those who don't (and involves having due regard, in particular, to the need to tackle prejudice and promote understanding).

7. Director of Finance's comments

- 7.1. Funding will be required to support the proposed service delivery detailed in Appendix 1.
- 7.2. Therefore approval of the recommendations in this report remain subject to approval of the 2024/25 budget by Full Council in February 2024, and any announcement from Government on HSF or other funding for local authorities to provide cost of living support.

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Signed by: James Hill, Director of Housing, Neighbourhood and Building Services

Appendices:

Appendix 1: Cost of living support 2024-25 plan

Appendix 2: Letters from the Leader of the council to the Secretaries of State for the Department for Work and Pensions and the Department for Levelling Up, Housing and Communities

Appendix 3: Household Support Fund 2023-24 delivery update

Appendix 4: Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972



The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Corporate Plan 2023/24	The Corporate Plan.pdf (portsmouth.gov.uk)
Cabinet report, 21 June 2022: Household Support Fund	Household Support Fund.pdf (portsmouth.gov.uk)
Cabinet report, 13 December 2022: Cost of living support; Household Support Fund	Report for Cabinet December 2022 - Household Support Fund.pdf (portsmouth.gov.uk)
Cabinet report, 27 June 2023: Cost of living support; Household Support Fund	Household Support Fund.pdf (portsmouth.gov.uk)
Cabinet report, 31 October 2023: Update on cost of living support and Household Support Fund provision	Update on cost of living and Household Support Fund provision.pdf (portsmouth.gov.uk)

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: