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<b>Title of meeting:</b>	Cabinet
<b>Subject:</b>	Continuing to support residents with the cost of living
<b>Date of meeting:</b>	25 June 2024
<b>Report by:</b>	James Hill, Director of Housing, Neighbourhood and Building Services
<b>Cabinet Member:</b>	Councillor Steve Pitt, Leader
<b>Report Author:</b>	Mark Sage, Tackling Poverty Coordinator
<b>Wards affected:</b>	All

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**1. Requested by Cabinet**

- 1.1. This report was requested by Cabinet to provide an update on Portsmouth's delivery of its Household Support Fund provision, and wider support for residents affected by the cost of living crisis during the current financial year.

**2. Purpose**

- 2.1. To provide an update on the support the council is providing to residents to help with the rising cost of living, including the assistance being provided to residents of Portsmouth in financial hardship through the administration of the Household Support Fund.
- 2.2. To outline the current position for providing support from October 2024, when the current Household Support Fund grant ends.

**3. Information Requested**

**3.1. The cost of living**

- 3.1.1. Although the Consumer Price Index rate of inflation has reduced significantly, from 8.7% in April 2023 to 2.3% in April 2024, this means that average prices are now increasing at a slower rate, but prices of essential goods and services remain high.

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- 3.1.2. Two of the primary causes of cost of living pressures for lower income households since 2022 have been energy prices and food prices.
- 3.1.3. The current energy price cap from April 2024 is £1,690 a year for a typical dual-fuel household paying by direct debit. This has reduced from £1,928 in January, and £2,500 for the period October 2022 to June 2023, under the Energy Price Guarantee<sup>1</sup>.
- 3.1.4. However, the price cap remains almost 50% higher than in 2021, and the standing charge element of the price cap has increased, so the less energy that a household uses, the less money proportionately it will save under the new price cap.
- 3.1.5. Food price inflation peaked at 19.2% in March 2023, the highest rate in over 45 years<sup>2</sup>. The Office for National Statistics last published figures show food price inflation at 7.0% in January 2024, highlighting that prices continue to rise, especially for lower-income households who spend a higher proportion of their income on food and other essentials.
- 3.1.6. The Bank of England's Monetary Policy Committee has been increasing interest rates since December 2021<sup>3</sup>, in response to the Government's target for inflation. The official Bank rate was increased to 5.25% in August 2023 and has not reduced since<sup>4</sup>.
- 3.1.7. This increases the cost of borrowing including mortgages, which increases housing costs for homeowners and places additional pressure on the rental market, with increased demand from those unable to afford a mortgage, and higher mortgage costs being passed on to tenants in rent increases.
- 3.1.8. The price index of private rents is rising faster in Portsmouth than the South East and England averages. In February 2022, average private rents in Portsmouth were 91.6% of average rents in the South East, but by February 2024 had increased to 98.0%<sup>5</sup>.
- 3.1.9. With many mortgage holders in fixed term deals, rising mortgage rates affect households at different times, so some household budgets will not yet be affected, but will face a sudden increase when their fixed term expires.

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<sup>1</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-9714/>

<sup>2</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>

<sup>3</sup> <https://commonslibrary.parliament.uk/research-briefings/sn02802/>

<sup>4</sup> <https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate>

<sup>5</sup>

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/march2024>

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- 3.1.10. Interest rate rises feed through more quickly into unsecured personal borrowing, with the Money Charity reporting that nationally outstanding credit card debt came increased by 8.2% (£5.3 billion) in the year to March 2024, averaging £2,476 per household and £1,311 per adult<sup>6</sup>.
- 3.1.11. In April, working age benefit and tax credit entitlements were increased by 6.7%, above the current inflation, although the real value of benefit entitlements remains lower than in 2015<sup>7</sup>.
- 3.1.12. The national minimum wage has increased in real terms<sup>8</sup>, with the largest increase for younger workers, including 21 and 22 year olds who are now eligible for the same rate as those aged 23 and over. That rate is currently equal to two thirds of median earnings. However, many low income households do not benefit from the full value of that increase, after benefit tapers are taken into account.
- 3.1.13. There are some indications of an improving economic outlook, which may impact on the future level of need for support, including median earnings in Portsmouth increasing at a faster rate since December<sup>9</sup>, but there are also rising rates of people claiming benefits because they are out of work and looking for work<sup>10</sup>.
- 3.1.14. Demand for support with the cost of living remains high, with around 1,800 calls to the council's cost of living helpline between April 2023 and March 2024. The top five reasons for calling the helpline were food; energy costs; welfare benefit entitlements; housing costs; debt.
- 3.1.15. During the same period, the council's online cost of living information hub had 94,000 views, from a total of over 44,000 users.

### **3.2. Supporting residents with the cost of living**

- 3.2.1. In February 2024 a decision report was brought to Cabinet to outline the position at that time; that Household Support Fund (HSF) was due to end on

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<sup>6</sup> <https://themonetarycharity.org.uk/media/May-2024-Money-Statistics.pdf>

<sup>7</sup> <https://researchbriefings.files.parliament.uk/documents/CBP-9872/CBP-9872.pdf>

<sup>8</sup>

[https://assets.publishing.service.gov.uk/media/66043e0991a320001a82b0e7/The\\_National\\_Minimum\\_Wage\\_in\\_2024.pdf](https://assets.publishing.service.gov.uk/media/66043e0991a320001a82b0e7/The_National_Minimum_Wage_in_2024.pdf)

<sup>9</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/earningsandemploymentfrompayasyouearnrealtimeinformationuk/june2024>

<sup>10</sup>

<https://app.powerbi.com/view?r=eyJrljoiOTFmMDUwMzgtNmE0Yy00YWNmLTg5ZGYtZGFhZGM4OWQ2OTFiliwidCI6ImQ2Njc0YzUxLWRhYTQtNDE0Mi04MDQ3LTE1YTc4YmJlOTMwNiJ9>

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31 March 2024, at which point the council would have no Government grant funding to provide financial support and advice with the cost of living.

- 3.2.2. The decision by Cabinet in February committed the council to continuing to deliver additional support with the cost of living until at least March 2025, delegating authority to the Director of Housing, Neighbourhood and Building Services to adjust that plan in the event that further funding sources became available.
- 3.2.3. The Leader wrote to Ministers to highlight the anticipated impact of withdrawing HSF, and, following campaigning by the Local Government Association and other national organisations, in March the Government announced a six month extension of HSF grant to 30 September 2024.
- 3.2.4. However, other national schemes providing cost of living support have not been extended, with the biggest financial reduction being the cost of living payment scheme which provided every household receiving means-tested benefits with payments of up to £900, an estimated £24,000,000 in additional support for Portsmouth residents.
- 3.2.5. The announcement of the extension of HSF means that there is a maximum allocation available to Portsmouth for this period of £1,888,214, the same amount per month as in each round since HSF was introduced in October 2021.
- 3.2.6. In line with the February Cabinet decision, this additional funding is being used to strengthen and extend the offer of support to residents in financial hardship, overseen by a cross-directorate working group.
- 3.2.7. The HSF delivery team, set up in 2023/24, has continued in place, to develop and deliver the new HSF offer, responding to current needs, with the outline plan for the period 1 April to 30 September 2024 attached at Appendix 1.
- 3.2.8. The plan includes specialist money advice, offering people in financial hardship holistic support to maximise their income, reduce their costs, and resolve debt issues.
- 3.2.9. This enhances the wider offer of cost of living advice and support for all residents, available via the council's online information hub and dedicated helpline, with extended one-to-one assistance from the cost of living support officer for those needing additional help.
- 3.2.10. The outline plan for HSF delivery also includes grant funding for the local voluntary sector food support network, which continues to provide support to hundreds of households each week, including emergency food parcels, hot

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meals, and food and other essentials sold at significantly reduced prices through the network of community larders and pantries.

- 3.2.11. The outline plan includes three application-based schemes, enabling residents who are facing increased cost of living pressures to apply for a payment or voucher.

### **3.2.12. Exceptional Hardship scheme**

- 3.2.12.1. Launched on 20 May, for households who have experienced an unmanageable drop in income or increase in household costs, and are unable to afford essential daily living costs or an essential household purchase.
- 3.2.12.2. Residents are able to apply to the scheme for a voucher or cash payment during three application windows over twelve weeks between May and September.
- 3.2.12.3. The scheme also collaborates with partner agencies who provide support and advice to residents in financial hardship, enabling them to make approved referrals to the scheme.
- 3.2.12.4. There is no requirement for applicants to the scheme to be receiving a means-tested benefit. This ensures that families who are just missing out on other forms of support are not excluded from this scheme.
- 3.2.12.5. In the first four weeks of the new scheme, a total of 388 applications were submitted; 131 by agencies supporting customers in financial hardship, 241 from customers applying online, and 16 from customers applying by phone.
- 3.2.12.6. Of these, 143 were eligible for a payment, distributing help with a total value of £62,110.
- 3.2.12.7. 81 were not eligible, and were given information and advice on other cost of living support that may be available to them, while the remaining applications were waiting to be assessed, with 108 needing to provide additional information to support their application.

### **3.2.13. Living Costs scheme**

- 3.2.13.1. Scheduled to open before the end of June, this scheme will provide payments to households that are facing increased cost of living pressures;
- 3.2.13.1.1. Care-experienced adults;

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- 3.2.13.1.2. Low-income carers;
- 3.2.13.1.3. Low-income single adult households;
- 3.2.13.1.4. Low-income households unable to work due to illness or disability.

### **3.2.14. Family Vouchers scheme**

3.2.14.1. Low income families with children who are not eligible to automatically receive a voucher from their school will be able to apply for a £60 voucher for each eligible child, when this scheme opens in July.

3.2.14.2. This will help families whose children are not yet school age, or who are working and on a low income, but earning above the free school meals earnings threshold of £616.67 per month.

### **3.3. Supporting residents beyond September 2024**

3.3.1. The current position is that HSF ends on 30 September 2024, and there is no long term funding for councils to provide local welfare assistance or dedicated support with the cost of living.

3.3.2. In light of the General Election taking place in July, and Parliament usually on summer recess from late July until early September, it is unlikely that there will be any announcement from Government on HSF ending or being extended before the middle of September, and therefore the council will need to ensure that it has a plan in place for the end of HSF, with the flexibility to respond to any relevant policy or funding announcements.

3.3.3. As noted above, Cabinet decided in February that the council would continue to deliver additional support with the cost of living until at least March 2025.

3.3.4. If the Government does not extend HSF from October 2024, this support will be funded by the council, which will need to target limited resources to continue providing support to our residents when needed.

3.3.5. The draft plan from October seeks to maintain essential elements of the current offer to help those in the greatest need, within the resource available, by providing:

- 3.3.5.1. The cost of living online information hub and support line universal offer, to help families and individuals navigate the support that remains in place across the city, with enhanced support from the cost of living support officer for those needing additional help;

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- 3.3.5.2. Grant funding to the food support network of food banks, community meals and community larders and pantries;
- 3.3.5.3. Extension of the HAF Fun Pompey programme to enable a wider range of families to access the holiday food and support;
- 3.3.5.4. Grant funding for debt advice customers who are unable to afford the cost of entering bankruptcy when needed.
- 3.3.6. The decision in February delegated 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.
- 3.3.7. It also tasked the Tackling Poverty Coordinator, supported by the cross-directorate working group, to continue to collaborate with partner agencies and residents to ensure a joined up, partnership approach to cost of living support, making best use of resources across the statutory, voluntary and community sectors.
- 3.3.8. The draft plan from October will be reviewed, taking into account learning and evaluation from the delivery of HSF between April and September, and the ongoing impact of the cost of living crisis, to identify whether the needs highlighted above should remain the priority, or whether the funds available should be targeted to different needs.
- 3.3.9. 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.
- 3.3.10. The tackling poverty steering group, as a formal sub-group of the Health and Wellbeing Board, will continue to hold the work against the Health and Wellbeing Strategy priority of tackling poverty, one of the 'causes of the causes' for health outcomes, and to provide a voice for taking action collectively as a city to tackle poverty and the cost of living crisis.
- 3.3.11. Action against these priorities will continue to be reported into Cabinet and the Health and Wellbeing Board, for scrutiny and oversight, with those bodies providing the political and strategic leadership for this agenda.



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Signed by Director of Housing, Neighbourhood and Building Services

**Appendices:**

Appendix 1 - Household Support Fund delivery plan April 2024 to September 2024

**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:

<b>Title of document</b>	<b>Location</b>
Cabinet Report February 2024	<a href="#">Supporting residents with the cost of living.pdf (portsmouth.gov.uk)</a>
Household Support Fund guidance for county councils and unitary authorities in England	<a href="#">1 April 2024 to 30 September 2024: Household Support Fund guidance for county councils and unitary authorities in England - GOV.UK (www.gov.uk)</a>