

Report to CABINET

Oldham's Cost of Living Response

Portfolio Holder:

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Reason for Decision

The ongoing cost of living crisis has meant that UK households are facing unprecedented reductions in living standards.

In Oldham, where we already have some of the highest rates of deprivation in the country we know that many of our residents will face hardships over the coming months with, unfortunately, more people than ever facing some form of financial crisis.

As a result, Oldham Council is predicting a significant increase in demand for financial assistance, advice and support in the coming months with a need to increase investment in those services.

In response we are proposing a £3 million investment in services, support and funding to help reduce the impact of the cost-of-living crisis on all Oldham households but also to widen the safety net for those residents most vulnerable to financial crisis.

Executive Summary

On the 27th of July 2022, Oldham Council held the Cost of Living Summit, bringing together residents, partners and voluntary organisations to discuss and plan for how we collectively respond to the crisis. The summit's objective was to focus on the practical actions we could take locally to best support residents over the winter months.

The proposals outlined below reflect Oldham Council's response to the Cost of Living Summit, providing a comprehensive package of support for our residents this winter.

Recommendations

To approve the interventions outlined in the report, committing to providing a £3 million package of support to Oldham's residents during the cost-of-living crisis.

Cabinet

21.09.2022

1 **Background and National Context**

- 1.1 The rising costs of fuel, food and other essentials are combining with existing disadvantage and vulnerability within our communities will put many Oldham households at greater risk of both immediate hardship and longer-term negative impacts not just on their finances but on wider health and wellbeing.
- 1.2 On 17 August 2022 the Office for National Statistics (ONS) published the latest inflation data for July, showing that inflation was at its highest level for 40 years with consumer prices rising by 10.1% over the last year, with the largest contributor to the increase coming from rising food prices. The Bank of England expects inflation to climb above 13% in October, putting further pressure on people who are already struggling.
- 1.3 Every household has its own "personal" inflation rate, with the least affluent households experiencing higher rates of inflation as they spend a greater proportion of their income on food and energy. Recent research by the Interactive Investor platform, based on figures from Ofgem and family spending data from Office for National Statistics, has found that the poorest households will spend as much as 32% of their entire budget on gas and electricity. According to the Office for National Statistics (ONS) real wages in the U.K. fell by an annual 3% in the second quarter of 2022, the sharpest decline on record.
- 1.4 Households have been hit with a projected 80% increase in their energy bills in the coming months, taking the average annual household bill to £3,549 from £1,971 and exacerbating the country's existing cost-of-living crisis. Ofgem was due to recalculate its price cap again in three months. However, on 8th September the Government announced an energy price cap of £2,500 per household per year until 2024, superceding the Ofgem price cap and fixing the unit costs of gas and electricity for two years. It also announced £40bn of support for businesses, the details of which are to be confirmed.
- 1.5 Whilst the price cap will provide households with greater certainty and limit rises to significantly below those originally forecast, they are still at a level where the lowest income households will struggle to meet these costs.
- 1.6 The £400 energy rebate for all households, announced by the Chancellor in February, and due to be paid in 6 instalments from October, will offset some of the difference between current household energy bills and the £2,500 cap. Nonetheless, without additional cost of living support the disposable income of lower-income households will fall dramatically in 2023-24 and it is likely that many households will still face hardship this winter.

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- 1.7 These facts support the notion that the cost of living crisis is continuing to deepen, and action is required quickly to support those most in need.

2 **Local Context**

- 2.1 As a borough, pre the Covid-19 pandemic and the current increased cost of living, Oldham already experienced high levels of deprivation and poverty.
- 2.2 Data from the English Indices of Deprivation, released by Government in 2019, shows that Oldham is in the top 20 most deprived boroughs in the country. But there are further inequalities within the borough itself, with five areas of the borough being in the top one per cent of most deprived wards in the country.
- 2.3 Department for Work and Pensions data shows 19,278 children aged under 16 were living in families with low incomes in 2020-21 – an estimated 36.2 per cent of all children in Oldham.
- 2.4 The cost of experiencing financial hardship and poverty is high to households affected. It impacts on general wellbeing and adds to social exclusion. Those financially excluded face multiple disadvantages as they are locked in a cycle of poverty.
- 2.5 Those affected are more likely to: access finance and debt with very high interest rates, experience difficulties in gaining employment, lack financial safety nets such as savings to deal with unexpected financial difficulties, experience poor mental and physical health, and live in sub-standard housing or unsuitable accommodation with greater risk of eviction.
- 2.6 To further compound the financial hardship being experienced, the cost of living is rising quickly. For households already experiencing financial hardship these factors will add a significant additional burden, pushing more people into crisis. At Full Council in May 2022, Cllr. Chadderton commissioned a Cost of Living Summit to find new ways to support people during the cost of living crisis.
- 2.7 On the 27th of July 2022, Oldham Council held the Cost of Living Summit, bringing together residents, partners, and voluntary organisations to discuss to and plan for how we collectively respond to the crisis. The aim of the day was to focus on short term practical actions, focusing on supporting residents over the winter months.
- 2.8 The proposals outlined below reflect Oldham Council's response to the Cost of Living Summit, providing a comprehensive package of support for our residents this winter. We are committed to putting our 'residents first', recognising the ongoing challenges faced by our communities driven by austerity, Brexit and the ongoing impact of the Covid-19 pandemic.
- 2.9 Whilst we recognise that there are significant demands on our budgets, the situation our residents are facing now is exceptional. We are compelled to act. This investment is about prevention and early intervention to help our residents avoid crisis over the winter, given that the energy price cap announced by the Government will not do enough to help households on the lowest incomes. We are committed to doing whatever we reasonably can to support the resilience and wellbeing of our communities.

3 **Cost of Living Proposals**

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- 3.1 Future Government funding to support financial hardship through local authorities is unclear. Confirmation in principle of a new allocation for the Household Support Fund has been received, but not the details of the amount of funding. As a borough, through work undertaken across the Oldham Partnership, we are seeing significant increasing demand across our services, hence the need for us to develop a series of interventions to address the ongoing and future impact of the cost of living crisis.
- 3.2 The interventions will underpin how we support residents in immediate need, but also work with those residents to build their financial resilience to avoid the need for future crisis support. The proposed interventions will be aligned to projects, programmes, initiatives and strategies that Oldham Council and its partners already have in place to support our most vulnerable residents to improve wellbeing, opportunities and outcomes. Importantly, this will enable us to ensure that timely support is in place for the winter
- 3.3 The interventions include activity that focusses on prevention. This activity will primarily be based in local communities and will be shaped by the lived experience of residents to create an environment that prevents escalation and future experience of crisis, while helping reduce demand across health services.
- 3.4 This approach will see a £3 million package of support. This will support residents and help households in Oldham that are struggling with the rising cost of living. This approach aims to:
- Offer advice, support and guidance to every household in Oldham during the cost-of-living crisis
 - Maximise income for Oldham households – ensuring they are claiming all support they are entitled to
 - Increase the safety net and support system for people in financial crisis so that there is enough support for people who need help with essentials like food, fuel, housing or childcare costs
 - Reach out proactively to those most vulnerable to the impact of rising cost-of-living including older people, those with families and those already facing poverty to make sure they have all the help and support they need
- 3.5 **We propose to do this by:**
- Expanding the support available for people in financial hardship through the council's telephone helpline, through our face-to-face support centre, Access Oldham, and through weekly advice sessions in every district across the borough by recruiting an additional 7 specialist advisors to help residents access support quickly and make the most of their money.
 - Doubling the size of the award-winning Warm Homes Oldham programme which supports local people who are struggling to heat their homes. We will provide more energy and fuel advisors plus more grants to help with emergency fuel vouchers, boiler replacements and property improvements and repairs to support residents through the fuel crisis.
 - Providing additional weekly Citizens Advice surgeries in every Oldham district to offer much needed, impartial in-depth support and advice on budgeting, access to benefits and debt advice.
 - Launching a high-profile communications campaign to every Oldham household outlining the advice, guidance and financial support available to them.
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- Investing £600,000 in our community engagement team who will reach out to residents in their own homes to check their wellbeing, to signpost them to available support and to provide advice on how residents can manage their bills. This will be targeted at those most in need, starting with our older residents and those areas facing the greatest hardship.
 - Allocating additional funding for grant and support schemes that provide urgent assistance to residents in crisis. These funds help with costs like food, fuel, housing and childcare for those who urgently need it. These funds can be accessed through our helpline and face-to-face advice sessions and through the voluntary sector. This includes the launch of a specific scheme to support those households facing homelessness as a result of this crisis.
 - Establishing warm spaces across the borough for those who will struggle with the cost of heating their homes, with at least three 'warm banks' in each district. Warm Banks will provide a warm, safe space for local people with staff or volunteers trained to refer to wider support should it be needed.
 - Allocating nearly half a million pounds to Oldham's VCFSE sector to help some of most marginalised communities and ensure organisations like food banks can continue to support those who need them. This funding will make sure that organisations who work directly with the most vulnerable, including the elderly and care leavers are able to provide essential help and support including fuel and food vouchers and referrals to other services.
 - As part of this funding, Action Together, will distribute a £100,000 fast grant scheme to community and voluntary organisations to support local work in response to the cost-of-living crisis – including the set-up of community 'Warm Banks'.
 - This funding will also make sure that key organisations who are supporting local people are able to continue doing so – including Oldham Foodbank.
 - In recognition of the link between poverty and digital exclusion we will also provide more digital support in Oldham's libraries, including expanding the much-used device lending scheme and providing additional staff to support people with digital skills.
 - Working with all Oldham's primary and secondary schools to help them support children in financial hardship, including reducing the financial costs associated with attending and participating in all aspects of school life.

3.6 The interventions outlined above are supported by three enablers, supporting the delivery of the proposals: Residents First, Communications and Engagement, and Insight and Impact Monitoring. These are described in more detail below.

4 **Residents First**

4.1 We will continue to promote the We Can Help webpage for the latest and up to date information about our local support offer.

4.2 Residents should call the Helpline for access to support, advice and guidance. The Helpline team will triage queries based on a resident's specific circumstances and provide a friendly and trusted service. This may involve signposting and/or referrals to council services and partner services that can support with both income maximisation and underlying causes for example mental health and wellbeing.

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- 4.3 Citizens advice via their Advice Line also provide free, confidential advice on a range of topics beyond the council support offer including making the most of your money and debt support.
- 4.4 In most cases, we will be able to provide support and guidance over the phone, however we will provide in person support via appointments for more complex queries. These sessions will take place in each of the Districts and will include:
- Warm Homes Oldham
 - The Support and Inclusion Team
 - Citizens Advice
- 4.5 Our resident facing teams in Libraries, Access Oldham, District Teams and the Doorstep Engagement Team will also be ready to listen and signpost to support and services. To ensure a consistent approach, we are developing a training and support offer for our front-line teams to have the knowledge and skills to deliver consistent support and signposting confidently and resiliently during the Cost-of-Living Crisis with a no wrong front door approach.

5 **Communications and Engagement**

- 5.1 The communications team will be delivering the We Can Help campaign as part of Oldham Council's cost of living response.
- 5.2 Using an approved budget the cost-of-living support messages will be promoted through an extensive campaign that will reach every household in Oldham.
- 5.3 Using our knowledge of the borough the advice and guidance promoted will also be specifically targeted at our most vulnerable residents. This will be to ensure that support reaches those who need it most.
- 5.4 The campaign will be a mixture of online promotion, traditional media and face to face engagement to ensure all residents, however they best receive information, are equipped with the information they need to stay safe and supported.

6 **Insight and Impact Monitoring**

- 6.1 Wherever possible we will target the roll out of this activity to reach those who we know to be most in need of support. This will include deploying engagement teams and rolling out targeted marketing at cohorts who we believe will need the most support.
- 6.2 Take-up of services and support will be measured to ensure we are supporting all those who need it and allow us to change our approaches should experience and insight tell us we need to do things differently.

7 **Financial Costings**

- 7.1 The financial costings for the cost-of-living response activity are broken down into specific proposals below.
- 7.2 In recognition that the cost-of-living crisis is likely to continue to impact Oldham households beyond this winter we have built in uplifts to staffing for a two-year period. This will also build greater sustainability and resilience in these services.

Cost-of-Living Proposal	Cost
Doubling the Warm Homes Oldham Programme	£420,000
Increasing staffing in the council's helpline and providing additional staff for face-to-face surgeries in districts	£455,000
Increasing Citizens Advice Bureau (CAB) sessions in every district every week	£310,000
Investing in our Community Engagement Team to support outreach to those most vulnerable	£600,000
Additional digital inclusion staff and projects in Oldham libraries	£95,000
Additional funds for grants to support residents with urgent food, fuel, housing and childcare costs	£450,000
Funding for Oldham's VCFSE sector to:	
- target Oldham's most marginalised communities with advice, support and urgent help	£300,000
- distribute small grants to community groups to provide local projects to alleviate the impact of the cost-of-living crisis (including the establishment of community based warm banks)	£100,000
- ensure key support organisations (including Oldham Food Bank) can continue to support those in need	£45,000
Working with Oldham's primary and secondary schools to help them support children in financial hardship	£40,000
Establishing warm banks in Oldham Council buildings (additional costs)	£90,000
Evaluation, Impact Monitoring, Marketing and Communications	£95,000
Total	£3,000,000

8 Consultation

- 8.1 These proposals were shaped from the suggestions and feedback provided by elected members, residents, public services, and voluntary and community partners at the Oldham Cost of Living Summit, held 27th July 2022.

9 Financial Implications

- 9.1 The cost of the proposals is forecast at £3 million as identified at paragraph 7.2 above and for which there is currently no provision in the Council's revenue budget. It is expected that the expenditure will be incurred over the remainder of this financial year and during 2023/24 as follows:

- 2022-23 £1.21m
- 2023-24 £1.79m

- 9.2 The cost will therefore need to be predominantly met from reserves. Any allocations from reserves will need to be in accordance with the Council's Reserves Policy and at this stage the reserves expected to be utilised include:

- Directorate Reserves
- Council Initiatives Reserves

- 9.3 There may be some contribution from Government grants such as the Household Support Fund (HSF), however, the Council's allocation for Round 3 is yet to be finalised. The announcement in respect of HSF is expected imminently, prior to Round 3 of the scheme commencing in October. Any expenditure funded from grants will need to comply with the associated conditions, including defraying expenditure within specified timescales.

- 9.4 Staffing costs are anticipated to be funded from reserves during financial years 2022-23 and 2023-24. Thereafter, if staffing levels are to be maintained, there will be an ongoing budget pressure of an estimated £0.9 million which will be built into the Medium-Term Financial Strategy. In the long term, this additional pressure will need to be funded by new resources or offset by efficiencies from elsewhere within the Council.

10 **Legal Services Comments**

- 10.1 The provision of financial assistance through grant arrangements may be justified under the power of general competence in the Localism Act 2011 provided that the schemes are reasonable having regard to the fiduciary duty.

11 **Co-operative Agenda**

- 11.1 The proposals seek to retain and increase capacity both within the Council and with partners in the VCFSE sector to ensure residents can access the help and support they need through the Cost of Living crisis. The proposals link to plans for place-based working and seek to strengthen the use of existing community assets and networks and to build community resilience in the short and longer term. This supports the implementation of our co-operative agenda, in particular supporting the development of Thriving Communities.

12 **Human Resources Comments**

- 12.1 Any proposed new roles would need to be evaluated via the Councils Job Evaluation scheme.

New / additional posts would need to be established on the ITrent system to ensure a smooth onboarding process once recruitment processes are complete.

Recruitment to any new / additional posts should be carried out in line with the Council's Recruitment Policy and Guidance to ensure a fair and transparent process.

The Council's Fixed Term Employees guidance should be followed, and further advice sought from the HR Advisory Service at the end of Fixed Term Contracts. There may be redundancy implications if a Fixed Term Contract is over 2 years. If a Fixed Term contract spans over 4 years, then at that point the employee is entitled to be considered as a permanent employee.

Guidance and support can be provided from the HR Service as required throughout the above processes.

[Jen Windle, Employment Policy & Resourcing Manager]

13 **Risk Assessments**

- 13.1 The Council is itself experiencing financial pressures linked into the Cost of Living Crisis and holds Reserves to improve its financial resilience when unforeseen pressures such as high inflation levels occur. This support to residents alongside the financial overspends reported to Cabinet at month 3 of the financial year 2022/23 has the potential to deplete the Council Reserves more promptly than envisaged at Budget Council. (Mark Stenson)

14 **IT Implications**

- 14.1 N/A

15 **Property Implications**

- 15.1 N/A

16	Procurement Implications
16.1	N/A
17	Environmental and Health & Safety Implications
17.1	N/A
18	Equality, community cohesion and crime implications
18.1	In Oldham we are committed to minimising the impact of the cost of living crisis across our communities. The steps we are taking to tackle the pandemic and the subsequent recovery planning, aim to support people, especially those groups with protected characteristics who are often most impacted.
19	Equality Impact Assessment Completed?
19.1	A Stage 1 Equality Impact Assessment (initial screening) has been completed. (Appendix 1). The proposals will impact positively for residents needing additional help and support through the Cost of Living crisis benefiting those residents on fixed or low incomes. There will be little/no negative impacts on residents with protected characteristics.
20	Key Decision
20.1	YES
21	Key Decision Reference
21.1	ESR-28-22
22	Background Papers
22.1	N/A
23	Appendices
23.1	Equality Impact Assessment (Stage 1)