

CABINET	DATE 22 June 2022	ITEM NO 9
TITLE Cost of Living Crisis	WARD (S) All	
CHIEF OFFICER Director of Finance	CABINET MEMBER Inclusive Economy, Business and Skills Finance, Resources and Social Value Leader of the Council	
DECISION CLASSIFICATION Non key Non exempt Not exempt from call in	IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING? No Cabinet 20 July 2022	

1. **Decision required**

This report makes the following recommendations to the decision-maker:

- 1.1 To note that the Royal Borough of Greenwich recognises the damaging impact that the cost of living crisis is having upon the financial and mental health of its residents and upon the many small businesses which employ residents
- 1.2 To note that the Council is initiating wide ranging and deep engagement with residents and stakeholders to seek out areas of hidden need and inequality, in order to provide a rich picture upon which to base its cost of living response, thereby improving individual and community outcomes.

2. **Reasons for Urgency**

- 2.1 On 22 June 2022 the Office for National Statistics published the latest inflation data for May. It showed that inflation was at its highest level for 40 years with consumer prices rising by 9.1% over the last year, with the largest contributor to the increase coming from food and non alcoholic drinks. Every household has its own “personal” inflation rate, with the least affluent households experiencing higher rates of inflation as they spend more of their income on food and energy.

- 2.2 On 16 June 2022 the Bank of England increased the bank rate to 1.25%, a further rise of one quarter of a per cent. Three members of the nine-person bank committee had voted to raise it by one half of a per cent, providing an indication that rates are possibly due to rise again in the near future. The Bank also forecast that inflation was due to rise further to around 11% in October, before falling.
- 2.3 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. It is therefore vitally important that engagement commences immediately, so that a policy response can be formulated and brought back before Cabinet at its July meeting. This report provides an important signal to the community of the Council's statement of intent around this.
- 2.4 The Chief Executive has reviewed the reasons for urgency and has agreed that this item of urgent business should be considered under item 2 of the 22 June 2022 Cabinet agenda and circulated separately from the main agenda.

3. **Links to the Royal Greenwich high level objectives**

- 3.1 This report relates to the Council's agreed high level objectives as follows:
- A Healthier Greenwich
 - Economic Prosperity for All
 - A Great Place to Grow Up

4. **Purpose of Report and Executive Summary**

- 4.1 For the reasons set out in part 2, it is imperative that the Council commences a process of determining where the cost of living need is greatest in order to determine its policy response.
- 4.2 A wide, multi layered set of engagement exercises will take place over the coming weeks to facilitate this, with a further report due to come to Cabinet on 20 July 2022.

5. **Introduction and Background**

Causes of the Crisis

- 5.1 The main events which have led to the current crisis are:
- Brexit
 - COVID
 - the war in Ukraine
- 5.2 These have led to a direct impact on inflation through:
- energy prices
 - food prices
 - fuel prices
- 5.3 The impact has been compounded by any rises in income not matching the price increases, whether that is wages or social security benefits.
- 5.4 Whilst the council may not be able to directly solve all of the identified issues, the process set out within this paper will provide a clear picture of what we do not currently know and therefore, the scale of the emerging challenges. The main causes are outside of the Council's control and are national / global issues, however there are options available to mitigate the impact of some of this through both direct and indirect (e.g. policy / lobbying) actions.

Headline Impact on Residents

- 5.5 As a result of the cost of living crisis, the following points outline the main implications for residents:

Food

- 5.6 Increase in food prices puts further pressure on household budgets and likely to see more people missing meals or getting into debt to provide food. These price rises impact hardest on people on the lowest incomes, basics like pasta, rice, bread and vegetable oil have risen massively.

Energy

- 5.7 Increase in energy prices puts more pressure on household budgets, more people will not be able to afford to heat their homes and those

who were just managing will start to struggle to afford to keep the lights on too. People on pre-payment meters pay more for their fuel (poverty premium).

Housing

- 5.8 More landlords are likely to increase rents and put further pressure on household budgets, increase in evictions, more pressure on local authorities and Discretionary Housing Payment funds. There is already a lack of affordable housing and housing supply overall.

Transport

- 5.9 More people will find it unaffordable, impacting on ability to get to work / school / shops. Travel costs in particular for people reliant on cars or taxis have rocketed.

Income / Savings

- 5.10 More households with less or no disposable income after paying for essentials, which in turn reduces ability to contribute to pensions / savings, which in turn increases number of households who will turn to loans to fund essentials such as white goods, vehicle repairs etc.

Mental Health

- 5.11 Each of the areas above alone can contribute to mental health and wellbeing pressures, but multiple issues compound and exacerbate the stress associated with this.

Summary

- 5.12 Basically, those on the lowest incomes, usually renters and those with long term health problems and unable to work (and their carers) are likely to move from struggling with one or two of the above issues to struggling with them all.
- 5.13 Those with incomes in the low to mid-range who may have been just about managing will now find they struggle with at least one of the above.

5.14 Over one third of the boroughs 123,000 households are receiving some type of means tested benefits, which are not keeping pace with inflation.

What support is currently available?

5.15 Aside from direct government support to residents, the Council has worked hard to ensure that government funding it has received for cost of living is also utilised, with over 70% of eligible Council Tax Rebates and Discretionary payments, together worth £11m, being made over a two month period. On 21 June 2022, the Leader of the Council published the councils [proposals](#) around the Household Support Grant, which provides payments to those households qualifying for Free School Meals during the holidays and to our pensioner households in receipt of Council Tax Support, alongside support for Live Well and energy advice in particular.

5.16 As a council, Greenwich is well placed compared to many other local authorities in providing a strong local offer, including a 100% council tax support scheme, a highly effective Welfare Rights team, an integrated employment and welfare advice function and an emergency support scheme, to name a few. We are able to build on the highly effective response to the financial, social and health impacts of Covid through the Live Well Community Hub.

5.17 The council's website has information about services residents can get, from advice hubs and discounts to financial and practical support, for example, if it is a struggle to pay for the essentials such as rent, food, fuel, clothes, furniture, debt and more:

royalgreenwich.gov.uk/cost-of-living-help

- Claiming benefits and Universal Credit
- Money, debt and benefits advice
- Support for housing costs
- Help with energy costs
- Help with food costs
- Help with ongoing costs
- Help with health costs
- Childcare and support for families
- Help with one off costs
- Sport, leisure, culture and things to do

- Reducing waste
- Support for mental health
- Finding free or affordable legal help
- Support with legal costs
- Immigration and No Recourse to Public Funds (NRPF)
- Help looking for a job
- Domestic violence and abuse

5.18 The council can and will do more though.

What next?

5.19 At a time when the council itself is finding itself under pressure from strong inflationary headwinds, it is all the more important that support is targeted in the most appropriate manner. In order to do this, it is vital to understand where need is greatest.

5.20 A taskforce has been assembled and over the coming weeks, the council will be reaching out across the borough to engage with residents and groups to help answer this question.

5.21 This will be a multi layered approach drawing from elements of the following:

- a Partners Summit, convened by the councils Overview & Scrutiny Committee
- our neighbourhood delivery teams on-line local events with residents, community and faith groups, including over 150 organisations funded through Community Voting Days and Community Innovation Grants
- hearing from our 460 Community Champions
- Childrens Centres / Advice Hubs
- Ward members
- Greenwich Info
- Talk Housing
- Resident leaflet
- Web survey

5.22 The results of these activities will be reported to the meeting of the Cabinet on 20 July 2022.

6. **Available Options**

Option 1 – Do nothing

- 6.1 The Council provides a support offer, but demand is increasing across all channels. A do nothing option could see the offer to residents deteriorate as volume increases and would not ensure that resources are targeting the areas of greatest need.

Option 2 - Undertake multi layered engagement exercise

- 6.2 This would see the council and residents engaging in a meaningful conversation to determine where need is and how best to respond and how known and effective existing support is.

Option 3 – provide an immediate response

- 6.3 Whilst providing a timely response, without the benefit of good data and insight, this could effectively be a blunt approach and end up supporting those that are not those in the most need.

7. **Preferred Option**

- 7.1 Option two ensures that the council is acting and also does not provide support to those not in greatest need, at the expense of the most vulnerable.

8. **Reasons for Recommendations**

- 8.1 The council has limited resources and must use them as effectively as possible, concentrating its firepower on those with the greatest need. Option two provides the route which will determine where that need is.

9. **Consultation Results**

- 9.1 The results of the engagement exercise will be presented as part of the 20 July 2022 Cabinet report.

10. **Cross-Cutting Issues and Implications**

Issue	Implications	Sign-off
Legal including Human Rights Act	<p>The report notes that the Council is about to engage on a number of engagement events in order to provide a rich picture upon which to base its cost of living response. There are no detailed legal implications at this stage. They will be included in the follow up report to July Cabinet.</p>	<p>John Scarborough, Director of Legal & HR, 22 June 2022</p>
Finance and other resources	<p>The report notes that the council is about to engage on a number of engagement events. The cost of those engagements is met from existing budgeted resources.</p> <p>The work is intended to determine areas of greatest need and as such is concerned with delivering Value for Money, in the future use of its limited resources.</p>	<p>Damon Cook, Director of Finance, 22 June 2022</p>
Equalities	<p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The report to be brought before Cabinet on 20 July 2022 will fully incorporate this into its decisions.</p> <p>The work to be undertaken will make a number of contributions towards the Council's Equality and</p>	<p>Damon Cook, Director of Finance, 22 June 2022</p>

	<p>Equity Charter and the Council's Equality Objectives 2020-2024:</p> <ul style="list-style-type: none"> • Ensure that our services are accessible and achieve outcomes consistent with our responsibilities under the Act • Foster good community relations and promote social cohesion • Improve our understanding of the needs of different communities in the borough, to better inform and provide our services • Close the gap in outcomes for citizens. 	
Climate change	<p>Links to the councils Carbon Neutral Plan will be outlined in the subsequent report to Cabinet on 20 July 2022, with potential implications around energy management and transport.</p>	<p>Damon Cook, Director of Finance, 22 June 2022</p>
Health and wellbeing	<p>Increases to the cost of living impact directly, and negatively on people's health and wellbeing, as income levels are a major determinant of health. People on lower incomes generally experience the worst health outcomes. Right now, the poorest people die years earlier than the wealthiest people. When people don't have the things they need for good health – like warm homes and nutritious food – and are constantly worrying about making ends meet, it puts a strain on their bodies, resulting in increased stress, high blood pressure, and a weaker immune system. Racism and</p>	<p>Jane Connor, Acting Assistant Director of Public Health, 22 June 2022</p>

	<p>discrimination make these impacts even greater for some groups</p> <p>The report recommends a wide range of engagement which is likely to reach into our least wealthy neighbourhoods and communities, to those most negatively impacted by the cost of living crisis. This will help the council's response to be more targeted and effective, so that the differences in health outcomes do not get wider, locally.</p>	
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11. **Report Appendices**

11.1 The following documents are to be published with and form part of the report:

None

12. **Background Papers**

12.1 None

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