

## **Divisions Affected - ALL**

# **Performance & Corporate Services Overview and Scrutiny Committee**

**10 November 2023**

## **Cost of Living Programme Update**

### **Report by Programme Director (Partnerships & Delivery)**

## **RECOMMENDATION**

The Performance & Corporate Services Overview and Scrutiny Committee is invited to consider and comment on:

- a. The measures Oxfordshire County Council have put in place to mitigate the effect of the cost-of-living crisis on residents across Oxfordshire.
- b. Planned work to tackle deprivation.

## **Executive Summary**

1. Residents across Oxfordshire continue to feel the impact of increases in the cost of living not met by increases in income. Inflation remains concentrated in areas which have a disproportionate impact on those on the lowest incomes. The Government has provided financial support to local authorities to mitigate some of this pressure, and the council has made additional funding available for this purpose.
2. This report summarises how Oxfordshire County Council has applied these resources locally through the Cost-of-Living programme and how it is working in partnership with other organisations, to help mitigate the effect of this crisis on Oxfordshire residents. The report also sets out longer term work to address the causes of deprivation in Oxfordshire.

## **Matters for Consideration**

### **The Cost-of-Living Crisis**

3. The UK has been experiencing a cost-of-living crisis for more than two years. This began with increases in wholesale energy costs which formed one of several inflationary pressures. Combined with low wage growth this has seen mounting pressure on household finances. For those on the lowest incomes, the situation is exacerbated by freezes in some benefit rates (such as the Local Housing Allowance) in recent years, although most benefits have been uprated in line with inflation for the current year. It is also well documented that

inflation has an unequal impact with those on the lowest incomes experiencing the most detrimental impact. This includes a disproportionately high number of people from ethnic minorities, and people with disabilities.

4. Despite a fall in inflation since October 2022, many components of inflation remain very high, and continue to have a disproportionately negative impact on low-income households. In August this year the inflation rate for food and non-alcoholic drinks was 13.6%<sup>1</sup>. An Office of National Statistics (ONS) survey from this year found that 1 in 20 adults said they had run out of food in the past two weeks and been unable to afford more<sup>2</sup>.
5. There has been a small reduction in the cost of energy. However, the ONS report that almost half (47%) of adults in Great Britain are using less fuel such as gas or electricity in their homes because of the rising cost of living<sup>3</sup>. This year there is no £400 subsidy from government for energy bills and people's resources are likely to be further depleted compared to this time last year due to persistently high living costs. As such the impact of energy costs may be greater this year than last year.
6. Appendix One contains further details of the national economic drivers affecting household budgets.

#### **Impact of deprivation – local indicators**

7. On many key indicators, Oxfordshire is one of the least deprived areas in the country. However, this masks pockets of significant deprivation across the county. The impact of deprivation can be seen in several ways, not least in the local data on health and wellbeing.
8. There are clear inequalities in life expectancy across Oxfordshire. Males living in more affluent areas of the county are expected to live around 11 years longer than those in poorer areas. For females, this gap is around 12 years.
9. Most children in Oxfordshire, assessed as part of the Healthy Child Programme development review around their second birthday, reached a good level of development in five key areas. However, children living in areas with higher income deprivation had a lower (worse) than average good level of development.
10. There are clear inequalities for childhood obesity by deprivation, sex, and ethnic group. Data shows that children were more likely to be obese in more deprived areas of Oxfordshire. Similar to the national trend, Oxfordshire has an increasing percentage of children with social, emotional, and mental health needs, with a higher prevalence in boys (4.8%). The number of mental health referrals for young people has increased, especially for those aged 10-19.<sup>4</sup>

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<sup>1</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>

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

<sup>3</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/energy>

<sup>4</sup> <https://insight.oxfordshire.gov.uk/cms/joint-strategic-needs-assessment>

11. HealthWatch Oxfordshire conducted a survey in September 2023 and spoke to 1,114 people about their health and wellbeing. When asked about challenges to their wellbeing, the most common response (250 people) was the high cost of living, which has a detrimental impact on people's ability to stay healthy and well. This included high housing costs, cost of food, and cost of access to facilities such as gyms and classes. People were feeling the pressure, especially those on low wages, single parents, and families.<sup>5</sup>
12. HealthWatch also engaged with representatives of the voluntary and community sector. Participants comments reflected the themes raised by the public. In addition, they agreed that cost of living was a big challenge in the communities they served, and noted affordability and access, adding that people were cutting back on other basic necessities including household cleaning products, with an impact on wellbeing.

### **Government support**

13. The government is making a number of Cost-of-Living payments during 2023/24 to support people with increased living costs. This year they are making the following payments:
- Three payments totalling £900 to those on some means-tested benefits
  - £150 for people in receipt of benefits related to a disability
  - Either £150 or £300 for pensioners to be paid with the Winter Fuel Payment
14. The government has also provided funding to reduce Council Tax bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25.
15. In order to target financial support effectively the government has made an additional round of funding available through the Household Support Fund (HSF4) this year. This provides £842 million to top tier and unitary authorities to support households with rising household costs. Oxfordshire's funding allocation is £6.72 million.

### **Oxfordshire Cost of Living programme**

16. On 21 March 2023, Cabinet agreed the Cost-of-Living programme for 2023/24 and allocated the £6.72 million HSF4 funding as well as agreeing a further £2.8 million of expenditure from local resources for the same period.
17. This section of the report summarises the overall programme and commitments made so far. It is followed by more detailed explanations of each programme element. Table 1 below sets out the funding that was agreed by Cabinet as well as two new areas of expenditure agreed in year. The following section addresses the impact of the funding for each item as well as outlining any challenges with delivery.

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<sup>5</sup> <https://healthwatchoxfordshire.co.uk/wp-content/uploads/2023/09/Healthwatch-Oxfordshire-Health-and-Wellbeing-views-Sept-2023-final-2.pdf>

Table 1.

Project	Budget	Funding Source*	Committed Expenditure
Resident Support Scheme	£1,000,000	HSF/OCC	£192,058
Housing Benefit	£1,760,000	HSF	£0
Free School Meals & Early Years	£3,550,000	HSF	£2,861,831
Education Support Grant	£200,000	HSF	£200,000
Hospital Discharge Support	£15,000	HSF	£0
Administration and Evaluation	£200,000	HSF	£200,000
City and District HSF Delegation	£500,000	HSF	£13,935
Schools Sustainable Food Programme	£160,000	OCC	£0
BHBH Extension	£152,000	OCC	£240,000
Support to VCS Advisory Service	£300,000	OCC	£300,000
Council Tax Support Fund	£780,000	OCC	£778,230
Discretionary Housing Payments	£810,000	OCC	£805,352
<b>New Projects (Agreed in-year)</b>			
Contribution to OCF Cost of Living grant round	£110,000	OCC	£110,000
Community Wealth Building	£25,000	OCC	£25,000
<b>Totals</b>	<b>£9,562,000</b>		<b>£5,726,406</b>
<b>Budget</b>	<b>£9,520,000</b>		

\*HSF is funding from the DWP's Household Support Fund. OCC refers to funding the council has made available.

18. The programme is managing a high degree of variance in take-up and changing numbers in terms of eligibility. Most significantly, the cost of holiday support for families of children eligible for free school meals (FSM) changes with the school and early years population and the circumstances of their families. The latest school census was conducted at the start of October, and this is expected to lead to an increase in children eligible for FSM.
19. The second area with a significant potential for variance is the Cost-of-Living payment which we are making to people in receipt of Housing Benefit and no other qualifying benefits (see further detail and eligibility below). The projected expenditure is based on an 85% take up of this support, based on 5% increase in take up than the uptake for a payment made to this group in February 2023.
20. Given the scale of potential commitment in these support programmes, £700,000 is being held in reserve for allocation during Q3 and Q4, as actuals become clear. Options for committing this funding include an additional support payment for carers, extending Free School Meal provision to the Easter Holiday 2024, and rolling outstanding funding into an increased

Resident Support Scheme allocation for 24/25 (within the rules of the several funding streams).

### **Resident Support Scheme (RSS)**

21. A new support scheme was launched in June this year to provide emergency funding for vulnerable people in financial crisis. The scheme provides support in the form of food vouchers, energy pre-payment credit, and essential household items (e.g. washing machine, beds). As awareness of the scheme is built up, expenditure is increasing month on month and the scheme is being promoted through a range of partners who are signed up to help their clients access the scheme. This includes local authorities, advice agencies, housing associations and other third sector providers. It is expected that demand will increase during the colder months, and this will be closely monitored in order to maximise expenditure.
22. Expenditure was expected to be lower to begin with as the scheme would take time to become familiar with partners and become a key part of their toolkit for supporting people in crisis. We have been careful in how the scheme is promoted to avoid applications from those who are unlikely to qualify, and to ensure we are able to maintain support for those most in need for the whole year.
23. The council has made £500,000 per year available for the scheme for 2023/24 and 2024/25, whilst for 2025/26, £353,741 has been allocated.<sup>6</sup> An additional £500,000 has been allocated from HSF4 for 2023/24. The scheme has been designed so that in the event government provides new hardship funding beyond HSF4, these can be absorbed by our RSS. The scheme is delivered by NEC Software Services who were awarded a two-year contract following a full tendering exercise and provide similar services for the Welsh Government, the London Borough of Tower Hamlets and Rochdale
24. The first four months of the scheme have seen 1,470 applications made, with 843 being successful, and 101 pending a decision at the reporting point. The successful awards have seen the following items provided:
  - Food vouchers - 703
  - Energy credit for prepayment meters - 656
  - Essential household items - 296
25. The main reasons for refusing an award are that it is not possible to verify a customer's circumstances (104) or it is determined that the request support is affordable for the resident (137). Where an award is turned down an appeal can be made against the decision which is looked at by a different member of staff. More than half of appeals have been successful, and the Council is

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<sup>6</sup> Funding was brought forward from the final year of the programme to recognise the urgent pressures facing residents during 2022/23.

reviewing with the contractor the circumstances of refusal to reduce the need for appeal.

### **Cost of Living Housing Benefit payment**

26. The government have made several Cost-of-Living payments to people whose main income is from means tested benefits. In 2023/24 the value of this payment is £900. However, people who are only in receipt of Housing Benefit and no other qualifying benefits are not eligible for this support. Through the guidance for HSF3 and HSF4, DWP have requested that local authorities were requested to consider this group as a priority for support in local programmes, alongside other priority residents. During 2022/23 the County Council was able to design and deliver a new process for contacting the relevant residents, collecting and verifying their bank details and making payments and delivered a first payment in February and March 2023.
27. A second payment will be made in November to these residents of £450. Residents who did not respond to the Council during 2023 will be recontacted and the Council will work with VCS colleagues and other agencies to promote take-up. There are expected to be 4,100 households eligible for this payment.

### **Free School Meal support in the holidays**

28. All families eligible for Free School Meal (FSM) support are provided with £15 per week, per eligible child, in food vouchers or equivalent ahead of school holiday periods. This is for all children in school or in an early-years setting (with similar eligibility criteria for children too young to be eligible for FSM). The council has supported families of 16,960 children in this way this year.
29. In benchmarking with 22 other councils, Oxfordshire along with six other authorities provides the most generous support to FSM families in the holidays, providing £165 per child over the year.
30. FSM support is funded from the national HSF4 funding and costs in excess of £3 million per year. There is currently no expectation of further funding beyond March 2024 from government and in those circumstances, this scheme will come to an end after operating for three years.

### **Education Support Grant**

31. The funding of £200,000 has been provided to schools on a pro rata (weighted with a deprivation factor) to use at their discretion. It is anticipated that it will be used to fund fees for breakfast and after school clubs, warm clothing, school trips, to waive school meal fees for struggling families not in receipt of FSM and similar items for children from low-income families. Schools report on expenditure in arrears but after the first term of operation of the scheme which will run to March 2023, £20,000 had been spent by schools.

### **Hospital Discharge Support**

32. An allocation of £15,000 was made in order to fund energy related expenditure which would facilitate the discharge of patients from hospital. The programme team are engaged with relevant social care teams to agree how to manage disbursement of this funding across the winter period of 2023/24.

### **Administration and Evaluation**

33. This allocation is to provide resource for management of the Cost-of-Living programme and has allowed for increased engagement with VCS agencies and other partners as well as the client function for the RSS scheme and customer service and finance support for the delivery of direct support.

### **City and District council HSF delegation**

34. An allocation of £500,000 is distributed between the city and district councils to target support in their areas. The councils' focus for this funding is to ensure support is available during the colder months, when people will be facing higher energy bills. Their plans include expenditure in the following areas:

- Targeted financial support delivered by trusted partners
- Energy efficiency vouchers for older people receiving Council Tax Support
- Support to community food groups
- Support for advice centres
- Food support for families in temporary accommodation

### **Schools Sustainable Food programme**

35. An initial allocation of £160,000 was made to provide a post and initial seed funding to identify opportunities for supporting food provision in schools. As the project was initially developed it became clear that there was significant cross-over with anti-obesity work in schools funded through Public Health and the implementation plan in support of the Food Strategy. Alternative use of this funding is being planned to include support for increasing take-up of FSM provision with related income benefit to schools via by increasing Early Years Pupil Premium income and increasing the impact of other interventions in the overall programme or alleviate cost-of-living pressures elsewhere.

### **Better Housing Better Health (BHBH)**

36. The Better Housing Better Health (BHBH) service is a long-standing intervention commissioned by the local authorities in Oxfordshire. The partners collaborate across the council engaging with both the voluntary and health sector.

37. Good quality housing is an important building block to good health. Its objective is to support older residents, those with health conditions or lower incomes and those in receipt of care, with support to stay warm, well, and independent in their homes. An additional £240,000 has been made available from the Cost-of-Living programme to support this work. Funding of £152,000 has been committed so far, which will enable an additional 120 home visits and 750 telephone assessments to be carried out as well as providing funding for support with energy costs and small to medium energy efficiency measures. The remainder of the funding will be allocated over winter in response to emerging need.

### **Support to advice services**

38. The programme has provided £300,000 of grant funding this year to help local advice services meet the increased demand they are facing as a result of the Cost-of-Living crisis. The funding has been distributed following expressions of interest to the following centres:

- All Oxfordshire Citizens Advice offices
- Agnes Smith Advice Centre
- Barton Advice Centre
- Rose Hill and Donnington Advice Centre
- Vale Community Impact

39. The advice centres are using the funding to maintain additional skilled staffing to help reduce debt among people who are socially excluded and vulnerable, improve money management, increase income from employment and address fuel poverty. It is estimated that the funding will enable more than an additional thousand people to be supported.

### **Council Tax Support fund**

40. Council Tax Support is a locally agreed discount to Council Tax bills, which replaced the national Council Tax Benefit scheme in 2013. It reduces the amount of Council Tax that households on low incomes have to pay, in some cases to zero.

41. As set out above in paragraph 15 the government provided funding this year to enable anyone receiving Council Tax Support who still had some Council Tax to pay, to receive an additional £25 discount to their bill. The council has provided £778,230 to the city and district councils to enable them to provide an additional £25 reduction to this group. In most cases, this will have eliminated the impact of the County Council's precept increase for this year, for the lowest income households who are still paying an element of Council Tax. It is expected that over 12,000 households will benefit from this additional reduction to their Council Tax bill.

### **Discretionary Housing Payments**

42. The government provides funding to all unitary and lower tier authorities to enable them to make discretionary payments to people who are entitled to Housing Benefit or the housing element of Universal Credit, but still have some rental costs left to pay. There are a growing number of people in this situation as private sector rents have increased, whilst the rate of benefit paid to people renting privately (called Local Housing Allowance) has been frozen since 2020.

43. Taking Cherwell as an example, the lowest quartile of private sector rents have increased from £750 to £873 per month in the last three years, an



increase of 16.4%<sup>7</sup>. However, the Local Housing Allowance (LHA) rates that can be paid in Cherwell are £648.22 for a one-bedroom property and £772.89 for a two bedroom property. A recent analysis of properties available for rent in Oxfordshire found that only 2 out of 50 were available within LHA rates.

44. In the same period, funding from government for Discretionary Housing Payments (DHP's) has reduced. The total funding provided to Oxfordshire has reduced from £1,425,335 in 2021/22 to £805,352 in 2023/24. As such the council has made matched the government funding for 2023/24 with an additional £805,532 so that the city and district councils can double their DHP budgets to increase their ability to meet the increased demand for this support. The amount of DHP awards varies greatly from case to case but it is estimated that this funding will enable an additional 375 awards to be made.
45. Each council maintains its own DHP policy which follows government guidance in this area. Typically payments are usually made for fixed periods of three to twelve months, with the scope to make further payments based on a review of circumstances, and subject to the availability of funding.
46. Within the Cost-of-Living programme, no expenditure is currently showing in this area as it makes sense for local authorities to exhaust their government allowance first as any surplus must be returned. However, the City and District Councils have the flexibility to spend the County Council allocation through to 2024/25.

#### **Oxfordshire Community Foundation Cost of Living grants**

47. In order to maximise the impact of programme spend, in 2022/23 an allocation of £100,000 was made to the Oxfordshire Community Foundation's (OCF) voluntary sector cost of living grant scheme, leveraging a total fund of £286,000. This supported grass roots organisations supporting the community experiencing financial pressures. A further contribution of £110,000 was agreed in 2023/24 in the first quarter of the year, increasing the total grant fund to £245,000.
48. The grant programme was informed by consultation conducted with the Voluntary and Community Services sector conducted early in 2023. This followed a round of grant funding in late 2022 and asked organisations to reflect on the challenges they were facing in supporting of people with the Cost-of-Living crisis. Key findings were as follows:
  - Organisations were facing their own challenges as fixed costs were taking up a larger proportion of funding
  - The cost-of-living crisis is leading to longer term issues such as mental health problems, embedded debt and increased isolation

- The need for food and debt advice are the most pressing needs, but these are connected to people's ability to manage their health, housing and general wellbeing
- More people are becoming dependant on the support provided by community organisations

49. The grant round was run over the summer so that funding was available for projects ahead of the coming winter. Over 200 applications were received, with 32 community organisations receiving funding of up to £10,000. Funded activity included Cost of Living support for vulnerable groups, community cohesion and social integration, and support for physical and mental health.

### **Longer term deprivation work**

50. The Partnerships and Delivery team are undertaking work to develop how the council can further support those experiencing deprivation in the medium and longer term, beyond the existing services already delivered by the Council and its partners. The Performance and Corporate Services Overview and Scrutiny Committee have engaged on many of these issues in recent months and therefore activity currently in development is summarised below to support the committee's work planning.

51. Firstly, research and design is underway to develop a fuller understand of the impact on, and experience of residents experiencing deprivation. This is being used to ensure that financial wellbeing and tackling deprivation is core to strategic initiatives including the revised Joint Health and Wellbeing Strategy and the work of the Oxfordshire Inclusive Economy Partnership.

52. Data on deprivation will be collated to create a number of insight profiles which show how deprivation is experienced in different settings, building on the ward profile activity. The intention is to gain better understanding the drivers of deprivation to drive interventions and changes to service delivery. This work sits alongside and informs initiatives such as the Well Together Programme and the recommissioning of Advice Services.

53. Secondly, the Council has recently commissioned a short piece of work from the Centre for Local Economic Studies to develop insight and options for how we can more actively support local communities to build wealth and to share more widely the benefit of Oxfordshire's very strong economy. High impact approaches taken elsewhere have included promoting and supporting different ownership forms for business, progressive procurement of goods and services, making financial power work for local places (for example through ensuring the availability of social credit and banking services for all), socially productive use of assets and fair employment practices and labour market development. This approach is intended to build-on and accelerate work already in progress, for example through the Social Value policy and the Council's participation in the Oxfordshire Inclusive Economy Partnership.

54. Finally, in common with other large organisations with long-term presence in the county, the Council is reviewing its own role as an 'Anchor Institution' on how we contribute to prosperity and well-being in communities.

## **Financial, Legal, Equality & Inclusion and Sustainability Implications**

55. Financial, Legal, Equality & Inclusion and Sustainability implications of the 2023/24 Cost of Living Programme are set out in a report to Cabinet from March 2023 (see Background papers). There are no additional implications arising from the recommendations of this report.

ROBIN ROGERS, Programme Director (Partnerships & Delivery)

Appendix: National data on Cost-of-Living crisis (see below)

Background papers: [Cost of Living Support Measures](#), Measures, Report to Cabinet, 21 March 2023:

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November 2023

## **Appendix One – National data on Cost-of-Living crisis**

1. CPI peaked at 9.6% in Oct 22, but at 6.3%, remains much higher than the 1% figure from March 2021, and the Bank of England target of 2%. Although reducing, inflation is continuing to put additional pressure on resident's budgets, month on month.
2. Inflation for food and non-alcoholic drinks is much higher at 13.6%, though also falling from peak of 19.2% in March 2023 (the highest for 45 years)
3. The latest survey (Sept 23) also reveals that more than 4 in 10 (45%) of adults said they were buying less food when food shopping in the past two weeks.
4. According to more detailed analysis from the survey covering the period 8 February to 1 May 2023, 1 in 20 adults (5%) said they had run out of food in the past two weeks and been unable to afford more.
5. In October the energy price cap fell from £2,074 to £1,834 for the average household. This is the first time since April 2022 that the cap has been below £2,000. Part of the reason for the reduction is that Ofgem are basing the cap on reduced consumer consumption (7% for electricity and 4% for gas). Under the old methodology, the cap would be £1,923, and for customers using prepayment meters it is slightly higher at £1,949.
6. Among those who pay energy bills, around 4 in 10 (43%) reported that they were very or somewhat difficult to afford. This is the same as during a similar period last year (29 September to 9 October 2022).
7. Almost half (47%) of adults in Great Britain are using less fuel such as gas or electricity in their homes because of the rising cost of living.
8. However there is no £400 subsidy from government this year and people's resources are likely to be further depleted compared to this time last year due to persistently high living costs.