



HEALTH AND WELLBEING BOARD PAPER FORMAL PUBLIC MEETING

Report of: James Henderson

Date: 23 June 2022

Subject: Cost of Living Crisis

Author of Report: Laurie Brennan, Head of Policy & Partnerships & Cat Arnold, Policy & Improvement officer, SCC

Summary:

The cost-of-living crisis is beginning to have a significant impact in people in every part of our city. Price rises driven by energy price inflation, alongside additional taxation, are having an impact on most households in the city, with those on the lowest incomes likely to be hardest hit (particularly as benefit uplifts fail to keep pace with inflation). The energy price cap is likely to rise again in the autumn, with the potential to precipitate a very real crisis for very many in the city during the winter.

By driving people deeper into poverty, or by pushing those who had previously been coping into financial hardship, it is very likely that the rise in cost of living is going to intensify health inequalities that have already been exacerbated by the Covid-19 crisis.

This paper sets out an incident management approach to the cost of living crisis, co-ordinating a focused response with the city's strategic partners and VCF sector, maximising support and impact on people and communities.

Questions for the Health and Wellbeing Board:

1. How can we most effectively include partners in the health and wellbeing system in this cost of living incident management response?

2. How can we make the most of our shared resources to better support VCF organisations, including the advice sector, that are responding to increased demand in the face of reduced government funding?
3. How can we make the most of our combined reach into many households in Sheffield to increase the impact of this cost-of-living response?
4. What areas can we better share our data and intelligence across the city to understand the impacts and most effective solutions?
5. Are there opportunities to collaborate on supporting our own staff who are impacted by the cost of living crisis?
6. Is there more to do around financial support for those cohorts at the highest risk of financial difficulty, including those with health conditions and disabilities? For example, brain injury, stroke, cancer, severe mental illness.

Recommendations for the Health and Wellbeing Board:

1. Note the scale and nature of the cost-of-living crisis and the current and planned activity to respond to it
2. Agree how to engage with the cost-of-living incident response
3. Consider the role of statutory services in resourcing voluntary sector organisations that are supporting Sheffielders who are struggling with the cost of living.

Background Papers: none

Which of the ambitions in the Health & Wellbeing Strategy does this help to deliver?

Ambition 5: Everyone has a fulfilling occupation and the resources to support their needs

Ambition 4: Everyone has access to a home that supports their health

Who has contributed to this paper?

Supporting Sheffielders through the cost-of-living crisis

1.0 SUMMARY

- 1.1 The cost-of-living crisis is beginning to have a significant impact in people in every part of our city. Price rises driven by energy price inflation, alongside additional taxation, are having an impact on most households in the city, with those on the lowest incomes likely to be hardest hit (particularly as benefit uplifts fail to keep pace with inflation). The energy price cap is likely to rise again in the autumn, with the potential to precipitate a very real crisis for very many in the city during the winter.
- 1.2 By driving people deeper into poverty, or by pushing those who had previously been coping into financial hardship, it is very likely that the rise in cost of living is going to intensify health inequalities that have already been exacerbated by the Covid-19 crisis.
- 1.3 This paper sets out an incident management approach to the cost-of-living crisis, co-ordinating a focused response with the city's strategic partners and VCF sector, maximising support and impact on people and communities.

2.0 HOW DOES THIS IMPACT ON HEALTH INEQUALITIES IN SHEFFIELD?

- 2.1 We know that poverty and health inequalities are inextricably linked. Marmot and others have set out that the lower one's social and economic status, the one's health is likely to be. People living in the poorest neighbourhoods in England will on average die seven years earlier than the people living in the richest neighbourhoods. People living in poorer areas also spend more of their lives with a disability – an average total difference of 17 years.
- 2.2 By driving people deeper into poverty, or by pushing those who had previously been coping into financial hardship, it is very likely that the rise in cost of living is going to intensify health inequalities that have already been exacerbated by the Covid-19 crisis.
- 2.3 A coordinated city-wide response to the cost-of-living crisis can help to mitigate the worst impacts, thereby reducing the negative impacts on health inequalities in Sheffield.

3.0 Cost of living Crisis in Sheffield

The cost-of-living crisis is bringing real hardship to Sheffielders in all communities

- 3.1 The cost-of-living crisis is beginning to have a significant impact in people in every part of our city. Price rises driven by energy price inflation, alongside additional taxation, are having an impact on most households in the city, with those on the lowest incomes

likely to be hardest hit (particularly as benefit up-lifts fail to keep pace with inflation). The energy price cap is likely to rise again in the autumn, with the potential to precipitate a very real crisis for very many in the city during the winter.

- 3.2 Poverty was getting worse before Covid-19¹ and the pandemic has had a disproportionate impact on the poorest communities, and especially those living in deprived areas, black and minority ethnic communities, and disabled people. Having already had many temporary support and protections reduced or removed in autumn 2021, including Universal Credit reducing by £20 a week, many people are now facing a cost-of-living increase which is going to significantly reduce their ability to afford essentials in the face of further cuts to support.
- 3.3 Illegal money lending is also getting worse, with more people using illegal lenders for essentials. The pandemic and subsequent events have also seen people affected who had generally been able to cope financially before. We estimate that around half of the people who went newly onto Universal Credit during lockdown were completely new to the benefits system. We are also seeing a growing cohort of people who are on low incomes but not low enough to be eligible for benefits and who are facing steep increases in their cost of living and their subsequent ability to cover essentials.

Incomes are going down while costs are rising by more than 50%

- Universal Credit reduced by £20 a week in autumn 2021
- Energy and food prices are rising dramatically, particularly from April. Energy bills are rising by 54% on the average standard variable tariff. This includes significant increases in the Daily Standing Charge that even people using the minimum amount of energy have to pay.
- Household debt has been increasing, with lower income households more affected.
- Rents are going up, especially in the private sector.
- BBC [explanation](#) of the cost-of-living increase.

Government-financed support schemes are reducing or stopping

- Debt Advice and help to claim Universal Credit in Sheffield has reduced significantly
- Discretionary Housing Payment budget for help with housing costs has reduced by 30%
- Some temporary funds to cover emergency essentials are coming to an end, including self-isolation payments and hardship support.

¹ 35.5% children in Sheffield (34,822 children) were in poverty before the pandemic (this is up from 29.9% or 30,713 children five years ago)

- School holiday food vouchers for children eligible for Free School Meals have been provided for the last two years using Government funding – they are likely to continue during this academic year but funding may stop after that.

We've taken action taken to support Sheffielders

- 3.4 The Government have only recently begun to take concerted action to respond to the cost-of-living crisis. Earlier this year a Council Tax rebate of £150 per Band A-D house was announced, along with a repayable £200 loan scheme to offset increasing energy bills. Whilst recent government announcements have increased the support available, including by increasing the energy bill discount to £400 and making it non-repayable, and making a £650 payment to low income households on certain means-tested benefits, it is unlikely that this will offset the impact of the cost of living increase for many households.
- 3.5 At a local level we have been taking action to support our communities for some time:
- **Supporting people in most need** – SCC currently spends £8.38m to support Sheffielders in financial need. We are improving access to support and advice via the [SCC website on support available](#), including Council Tax Support, Council Tax hardship scheme, Discretionary Housing Payments, Local Assistance Scheme and Household Support Fund.
 - **£200k investment in tackling food poverty** – allocated £200k in the 2022/23 budget to help tackle food poverty, including developing a Food Access Plan which includes working with and supporting the city's food banks and increasing community capacity for schemes that build social links and long-term access to healthy food.
 - **Tackling social isolation and supporting volunteering** – allocated £1m in the 2022/23 budget for prevention and early intervention work on social isolation and allocated £500k to support volunteering in the city.
 - **Council Tax rebate** – from May 2022, we are making payments of £150 to around 138,000 households in the city for whom we have Direct Debit details and implementing a Post Office Payout to the 77,000 households who are eligible for a rebate but for whom we do not have bank account details.
 - **South Yorkshire Community Foundation cost of living crisis fund** – we are working with SYCF to support and promote a fund that they are creating to help local people most affected by the cost of living crisis. SYCF will independently administer the fund which will be open to organisations, including foodbanks, to bid for grants to help them support local people. To kickstart the fund, SCC has donated £20,000 and there may be Sheffielders who would like to donate some or all of their Council Tax Energy £150 rebate to the fund. [Cost of Living Fund - JustGiving](#)

- **Getting advice and guidance to our frontline staff**– guide given to public and voluntary sector frontline staff in the city to provide advice about reading meters before the energy increase
- **Regular operational briefings for frontline staff** – providing benefits, financial support, disadvantaged people and poverty mitigation for public and VCF sector organisations
- **Sheffield Money Support** - SCC has worked with partners to put together this Sheffield Money Support [website](#) and a ‘Worrying about Money?’ leaflet (available by following the Sheffield leaflet link from [here](#)). Copies of the leaflet have been sent to all Sheffield schools and GPs.
- **Developing a Poverty Action Plan** – building on the city’s Poverty Summit in October 2021, we are working with partners to develop the Poverty Action Plan. This includes identifying short and longer term actions and establishing a picture of ‘typical’ households that experience poverty and thus how we can tailor support to address the different types of pressures they’re under.

4.0 WHAT NEEDS TO HAPPEN TO MAKE A DIFFERENCE IN THIS AREA?

Concerted local and national action is needed to respond to the cost-of-living crisis

- 4.1 Sheffield City Council, working with its partners, is already doing much to respond to the cost-of-living crisis. However, it is clear with inflation running at 9% and expected to hit 10% later in the year, and a further increase in the energy cap expected, that the worst of this crisis is ahead of us. Rapidly stepping up the city’s response is critical if we are to support the citizens and communities of Sheffield to weather this oncoming storm.
- 4.2 The cost-of-living crisis is an immediate and pressing issue facing many households and communities around the city. It is exacerbated by over a decade of austerity and the fact that very many people in Sheffield already live in and with poverty. It is also having an impact on people who may have been coping prior to the CoL crisis but who will find rising costs very difficult or impossible to manage.
- 4.3 Our response needs to be focused on the steps we can take as a city to alleviate the effects of the CoL crisis, and in particular the impact that it is having on routine day-to-day income and expenditure decisions for households – the choice, for some, between heating and eating.
- 4.4 At a city level, our ability to affect the root causes of the cost-of-living crisis will be limited. We have no levers to address the cost of gas or electricity, nor the rising food and basic commodities prices in our shops. That can only be done by national Government within the globalised trade system. Our ability to alter the tax burden that people experience or the amount of benefits they can access is very low. With some minor exceptions, Government are the only ones able to act on these issues.

4.5 This does not mean that we are helpless or without action that we can take. As a city we can have a significant impact across a number of areas, including:

- Co-ordinating a focused response with the city's strategic partners and VCF sector, maximising support and impact on people and communities
- Supporting people to make the best possible choices about how they use the income they have
- Helping people to maximise their income further (including, but not limited to, benefit maximisation)
- Providing direct and indirect financial support, including through the various hardship schemes we are responsible for
- Supporting people if they are struggling to cope, and, as a minimum, ensuring that our actions don't exacerbate problems further (for example, approaches to Council Tax or rent arrears)
- Providing visible and high-profile leadership for the city

4.6 And we can use our influence and networks to demonstrate to Government that a city level and national level response is necessary if we are to make any progress on our wider ambitions (for example, levelling up) and reduce the potential for existing poverty to be further exacerbated by the CoL crisis and for more people to be exposed to significant hardship.

4.7 At the same time, we need to use the period over the summer to prepare for the autumn and winter when it is likely that the energy price cap will be raised further, just at the point at which households begin to require more energy for heating.

4.8 Our response to Covid was a positive example of how we have responded to a significant crisis as a city. The CoL crisis will potentially have a similar level of impact to Covid and will also require a cross-partner response. The Council's Strategy and Resources Committee agreed to respond to the CoL crisis using a similar approach to Covid – recognising that additional capacity was unlocked during the pandemic as some normal business was paused.

4.9 While this currently is not the case with CoL crisis, managing it akin to an emergency incident response and doing so quickly, albeit over a longer time scale than would usually be the case for an emergency, will enable us to get ahead of the challenge and give us vital structure and focus.

4.10 This will mean replicating the most important part of an incident management response:

- Shared intelligence and situational awareness
- Setting a clear, simple and easily followed strategy that is agreed by all partners
- Having strategic and tactical governance layers, supported by a number of specialist 'cells' to deliver aspects of the response

- Having a clear and agreed view on what success looks like (ie. what we want to achieve through the actions we take)

4.11 The Council is putting in place a strategic group to provide overall direction for this work. A strategic partnership group is being formed, chaired by the Leader of the Council with representatives of other public, private and voluntary sector organisations invited to take part alongside Elected Members. A tactical level group is also being established. This group will have responsibility for coordinating planning and activity in support of the overall strategy developed by the Strategic group.

4.12 The tactical group will also be a partnership group with representatives of public, private and voluntary sector organisations, chaired by a senior council officer, reflecting the convening role that we have in this space. Representatives will need sufficient authority to speak on behalf of their organisations and commit them to a course of action.

4.13 In line with the overall strategy, the tactical group will establish an operational plan and a set of workstreams to deliver this plan. As part of this we will also need to determine resource requirements and it will be important to measure the impact and effectiveness of what we put in place.

4.14 This citywide response will also work alongside the South Yorkshire Mayor and other partners in South Yorkshire to identify opportunities for us to join up across the region to support our residents.

Community involvement and the importance of lived experience

4.15 Through the services and support SCC delivers directly and with our partners in the public and VCF sector, we are working alongside the people and communities across the city who are most exposed and suffering the consequences of the cost-of-living crisis.

4.16 To develop further community voice, we are working with Local Area Committees (LACs). LACs are fundamentally connected to communities, helping resolve challenges at the neighbourhood level and helping signpost families to advice, guidance and support where they need it. They also have a key role in bringing together local partners to help and support where required.

4.17 We are also considering establishing a reference group of people who are experiencing the impacts of the cost-of-living crisis. By doing this and involving them in exploring and developing potential actions and solutions, we are likely to gain valuable insights and ideas that we wouldn't otherwise be able to access about the things that are most likely to be of practical benefit to people.

5.0 QUESTIONS FOR THE BOARD

- 5.1 How can we most effectively include partners in the health and wellbeing system in this cost of living incident management response?
- 5.2 How can we make the most of our shared resources to better support VCF organisations, including the advice sector, that are responding to increased demand in the face of reduced government funding?
- 5.3 How can we make the most of our combined reach into many households in Sheffield to increase the impact of this cost-of-living response?
- 5.4 What areas can we better share our data and intelligence across the city to understand the impacts and most effective solutions?
- 5.5 Are there opportunities to collaborate on supporting our own staff who are impacted by the cost of living crisis?
- 5.6 Is there more to do around financial support for those cohorts at the highest risk of financial difficulty, including those with health conditions and disabilities? For example, brain injury, stroke, cancer, severe mental illness.

6.0 RECOMMENDATIONS

- 6.1 The Board are recommended to:
 - 6.1.1 Note the scale and nature of the cost of living crisis and the current and planned activity to respond to it
 - 6.1.2 Agree how to engage with the cost of living incident response
 - 6.1.3 Consider the role of statutory services in resourcing voluntary sector organisations that are supporting Sheffielders who are struggling with the cost of living.

This page is intentionally left blank