

**Cabinet  
2024**

**13 March**

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**Cost of Living Funding Proposal**

Relevant Portfolio Holder	Councillor Karen May
Portfolio Holder Consulted	Yes
Relevant Head of Service	
Report Author	Job Title: Judith Willis Contact email: Judith.willis@bromsgroveandredditch.gov.uk Contact Tel: 01527 64252
Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	Work and financial independence Living independent, active & healthy lives
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

**The Cabinet RECOMMEND that:**

**£150,000 contained within earmarked reserves be allocated as a one-off investment to support the estimated costs of the following cost of living initiatives as set in section 3.7:**

- (a) Citizen’s Advice specialist housing adviser - £52k**
- (b) Voluntary sector money adviser - £32k**
- (c) Enhancing the support of the Council’s Financial Inclusion Team - £42k**

**2. BACKGROUND**

- 2.1 In 2020/21 the Council allocated £50,000 within the budget to support Community Hubs. This allocation was then further made in 2021/22 and 2022/23 providing a total budget of £150,000. This budget is currently sat in earmarked reserves.
- 2.2 The budget was approved by Cabinet in February 2020 as a revenue bid to support the development of community hubs in libraries. This was an initiative being taken forward by Worcestershire County

Council. It was explained that discussions had taken place regarding the libraries and the part they played in the District in particular with at risk and vulnerable residents. The piece of work was part of a bigger piece of work led by the County Council and would provide connectivity between rural and urban centres.

- 2.3 Following a new direction of travel by the County Council with the introduction of the Asset Based Community Development (ABCD) Model, this budget was never provided to the County Council. The funding has remained within reserves with a further £50,000 allocated in years 2021/22 and 2022/23

**3. OPERATIONAL ISSUES**

- 3.1 The purpose of the budget allocation was to support the development of community hubs in libraries.
- 3.2 As the initiative of community hubs was not progressed as originally proposed, consideration is asked to be given to awarding this funding towards a Cost-of-Living initiative. This would be to support residents who need extra support to manage with the recent increases in daily costs including food, rents, mortgages and utility costs. The proposal would retain a link to Bromsgrove libraries, with the ability to provide outreach work at these and other community locations.
- 3.3 In respect of the impact of the cost-of-living situation nationally for residents, according to the Joseph Rowntree Foundation:
- a) low-income mortgage holders are struggling with their mortgages and almost half of them are now in arrears with at least one bill and 54% of those are in arrears with three bills or more
  - b) 57% of low-income householders have faced food insecurity in the last six months
  - c) 73% of low-income households have gone without an essential, such as a shower or cleaning items including clothes.
- 3.4 In respect of the impact on housing locally, intelligence from local Voluntary and Community Sector (VCS) organisations is that:
- a) mortgage holders who are coming to the end of their fixed terms, are facing increases from £200 a month through to £1,200 a month. Some of these individuals simply do not have that additional money to pay out on their mortgage. This will result in more homelessness, people moving, children having to move, increased mental health issues and as 40% of relationship breakdown is caused by financial challenges, then more relationship breakdown.

b) the fact that interest rates have been so low for so many years, has caused people to believe that this would always be the case and so many have committed their "spare" income in other areas.

c) the level of house prices compared to average income is now so high that mortgage models are beyond historically accepted safe norms to allow people to even get on the housing ladder.

d) If mortgages continue to rise people who are privately renting are likely to be impacted with evictions because landlords cannot afford their increased mortgage costs.

3.5 The VCS are further reporting that they have seen an increase in food parcels and that with the increases in mortgage & utilities etc means that those working are also accessing VCS services more. This is evidenced by Citizens Advice, who have seen a 75% increase in clients seen in 2022/23 compared with 2019. Act on Energy have also reported that they are seeing unprecedented need to provide additional support to their energy advice that covers budget/money/and debt advice.

3.6 In response to the Cost-of-Living situation, the Council recognised that it could not tackle the impact on the District on its own and that other statutory and voluntary agencies had a part to play. Consequently, a multi-agency Cost of Living Group was established. This Group agreed to undertake a Cost-of-Living Survey with Bromsgrove residents and this took place last Spring and Autumn. Key highlights from the survey results were:

a) it clearly showed that this is not a crisis that is just hitting people on benefits or lower paid, but rather a broad range of people.

b) many people are being significantly affected and whilst some easing of pressure can be achieved by better management of household budgets etc but for many this is not enough.

c) people who own their house are in trouble and most are in work, so the answer is not about getting people into jobs. It is a concern that people are borrowing on credit cards with the high percentage running out of options. This is not a crisis hitting those on benefits/lower waged, it is a crisis hitting a broad range of people.

3.7 The Cost-of-Living Group has considered what additional services would be best provided to residents to support them in the crisis and to improve their outcomes. The Group have determined that there is a need for additional debt worker advice that works across agencies and with all partners, as well as providing outreach work within communities. Integral to this would be a piece of work to integrate debt

advice across organisations, it would also inform work that Citizens Advice will be exploring later this year around the effectiveness of developing different types of outreach work alongside growing their volunteer base. The debt advisor roles would focus on the areas outlined below. This proposal would be a trial for 14 months with a view to it informing a lottery bid by the VCS to further sustain the work. If the lottery bid was successful any monies not spent on the project would be put back in to reserves.

- (a) Specialist housing adviser who would deliver housing advice directly; support Citizen Advice volunteers in delivering more in depth housing advice including contacting landlords; provide more affordability checks for BDHT; lead on proactive communications to help raise awareness amongst private tenants about their rights and sources of funding/help that may be available for them. (Cost £52k per annum)
- (b) Voluntary sector money adviser to help residents improve their well-being when facing financial difficulties offering financial education, debt management, budgeting, benefits and entitlements, crisis intervention, emotional support and referrals. (Cost £32,500 per annum)
- (c) Enhancing the support of the Financial Inclusion Team with a focus on making residents aware of the many cost of living schemes available and providing a mobile service accessible locations such as: BDHT, Citizens Advise, libraries, VCS organisations and event, and crucially with local employers. (Cost £42k per annum)

There will be an emphasis on providing outreach services such as at libraries and in community premises. This will include liaising with the Parish Councils. The services will also be provided to meet the needs of residents, so potentially beyond the traditional Monday to Friday, 9 – 5.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The budget of £150,000 is within the Council's Earmarked Reserves and is available to support this initiative. Any underspend on the Scheme would be put back in to reserves.

#### **5. LEGAL IMPLICATIONS**

- 5.1 The Council needs to ensure that it has a transparent and fair scheme, ensuring that we comply with the 2015 Local Government Transparency Code. The Council has the power to incur expenditure

which in its opinion is in the interest of and will bring direct benefit to its area or any part of it or all or some of its inhabitants. The direct benefit accruing must also be commensurate with the expenditure to be incurred.

**6. OTHER - IMPLICATIONS**

**Relevant Strategic Purpose**

- 6.1 This proposal will support the following Strategic Purposes:
- Work and financial independence
  - Living independent, active & healthy lives

**Climate Change Implications**

- 6.2 The proposals have not direct impact on climate change. However, cost of living support to residents may include advise on energy costs and lead to energy efficiency improvements in residents homes.

**Equalities and Diversity Implications**

- 6.3 The proposed services will be available to all residents but there will be a targeted approach to reach those most adversely affected.

**7. RISK MANAGEMENT**

- 7.1 There is a risk that the proposals for delivering additional services to those affected by the cost-of-living situation will not reach the intended audience and/or provide quality outcomes. This will be mitigated by the establishment of a funding agreement with clear outcome measures that will be monitored half yearly. This will be reported to the Cost-of-Living Group alongside regular service updates.

**8. APPENDICES and BACKGROUND PAPERS**

None

**BROMSGROVE DISTRICT COUNCIL**

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**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Karen May, Portfolio Holder for Partnerships	31 January 2024
Lead Director / Head of Service	Guy Revans, Interim Director	31 January 2024
Financial Services	Pete Carpenter, Director	31 January 2024
Legal Services	Claire Felton, Head of Legal & Property Services	31 January 2024