

# Cost of Living

Report of the Community Manager

## Recommended:

**That Overview and Scrutiny Committee notes and endorses the work of Test Valley Borough Council and the Test Valley Partnership in supporting residents with the increased costs of living.**

### SUMMARY:

To report on the work that the Council has undertaken through the Test Valley Partnership to assist residents dealing with the increased cost of living over the past twelve months.

## 1. Introduction

- 1.1 Food and energy prices have risen markedly over the past 18 months. Energy price rises in particular are pervasive to the price of most products and services which has led to stubbornly high inflation over the same period. Global recovery from the coronavirus pandemic is also still putting further pressure on prices.
- 1.2 This has had an inevitable impact on households across Test Valley, with those on lower incomes and in poor quality housing likely to be most affected.
- 1.3 This report reflects on some of the specific impacts seen in Test Valley, both by the Council and by partners, and the local response to mitigate those impacts.

## 2. Background and local context

- 2.1 Although the causes of the cost-of-living crisis are rooted in macroeconomics and global factors, the impact of that is very much felt at a local and household level. Whilst the Council and our partners may be unable to influence those external factors, we have approached the challenge with the logic that if impacts are felt at a local level, then it must be possible to mitigate, at least to some extent, at a local level too.
- 2.2 In early 2022, many of the organisations who focus on supporting vulnerable households were already seeing high numbers of people accessing their support. Foodbanks in particular, who had seen a significant increase in demand through the pandemic, reported that demand had increased even from those already high levels. By the summer, had reached 10%, with energy price increases even greater than that.

- 2.3 In August, a special meeting of the Test Valley Partnership was convened by Cllr Phil North and Cllr Celia Dowden to identify the support already provided in Test Valley, the gaps in provision and what the partnership could do to help. A further session was held in October, with a third follow up in February 2023. The outcomes of these sessions are captured later in this report.
- 2.4 Through the winter, many households in Test Valley faced huge challenges in making ends meet. Andover foodbank reported demand as much as 40% higher than the previous year and Citizen's Advice Test Valley were experiencing increasing numbers seeking support with debt and money advice.
- 2.5 Foodbanks were originally intended as one-off crisis support, indeed there is still technically a limit of three referrals per household. The reality for many households, is that the foodbank it is a regular part of their monthly budgeting or meal planning cycle.
- 2.6 TVBC's Housing Options Team has seen an increase in people approaching them seeking support. The private rental market in Test Valley, as in much of the rest of the country, is extremely stretched. This has been compounded recently as private landlords find the mortgages on their properties going up. This generally means they either have to pass that cost on to their tenants or sell the house, which may then come off the rental market altogether.
- 2.7 We also receive notification from mortgage companies when they are taking repossession steps. These notifications have increased from a handful a month to a handful a week. With interest rates still seemingly not at their peak, there is a real chance that these numbers will continue to grow.
- 2.8 Beyond the numbers, are the stories and real experience of each household seeking support. All our partner agencies who offer cost of living support are reporting that not only are the numbers of cases rising, but each case is increasingly complex, with intertwining challenges and no easy solutions.
- 2.9 On a practical level this means each case demands more officer hours than they have done historically. On a human level this means families making heart breaking decisions about whether to heat, eat or pay bills.

### **3. Support from Central Government**

- 3.1 Over the past year or so, central government has announced a number of measures to support households. The main support from central government at the time of the previous report was as follows:
- a) A Council Tax rebate of £150 for band A to D properties
  - b) Reducing fuel duty by 5p per litre for 12 months from April 2022
  - c) Providing £400 for people's energy bills from October 2022
  - d) Cost of living payments to those on certain benefits or tax credits worth up to £600.
  - e) Limiting energy bill rises for all households for two years, meaning a typical household energy bill will be capped at £2,500 annually until 2024.

- 3.2 Since the previous report, the Cost-of-Living payment increased to £900 for people on certain benefits or tax credits, extending to up to £1,350 for people on a specific combination of benefits and tax credits.
- 3.3 The limiting of energy bill rises referenced in point 'e' above, is known as the Energy Price Guarantee or EPG. This was in addition to the pre-existing Ofgem Price Cap which limits what providers can charge per unit on standard tariffs. From 1 July 2023 the price cap will drop below the EPG and anyone on a standard variable tariff will start paying the price cap rates.
- 3.4 The government also established the Household Support Fund. This funding was distributed to councils in England to design and administer and there is more detail below, along with details of all the central government funding streams administered by the Council.

#### **4. Payments administered by TVBC**

##### Council Tax Rebate

- 4.1 This scheme ran from 1 April 2022 to 30 September 2022. Government gave TVBC funding to pay out £150 to all households in Council Tax bands A-D (subject to some criteria around sole/main residence).
- 4.2 This resulted in payments of £5,368,650 to 35,791 households.

##### Discretionary Fund

- 4.3 Government also gave TVBC funding of £178,050 to support households via a discretionary scheme to be designed locally. TVBC chose to target vulnerable residents and made a discretionary payment to the council taxpayer where they occupied a property which met one of the following criteria as of 1 April 2023:
- £205 one-off payment for Council Tax Support claimants in receipt of Disability Living Allowance or Personal Independence Payment in bands E to H;
  - £55 top up payment (in addition to the core £150) to Council Tax Support claimants in receipt of Disability Living Allowance or Personal Independence Payment in bands A to D;
  - £205 one-off payment for residents not in receipt of Council Tax Support with a Council Tax Disabled Band Reduction or Severely Mentally Impaired exemption in bands E to H;
  - £55 top up payment (in addition to the core £150) for residents not in receipt of Council Tax Support with a Council Tax Disabled Band Reduction or Severely Mentally Impaired exemption in bands A to D.
- 4.4 This resulted in payments of £173,820 to 2,202 households.

### Household Support Fund

- 4.5 There have been three completed phases of Household Support Fund, and a fourth commenced in April 2023. Government set out instructions for spending and the funding went to Hampshire County Council who then passed a proportion of funding to local authorities with further instructions on how to administer the scheme.
- 4.6 The first phase was October 2021 to March 2022. TVBC received £97,000 and combined this with their allocation of Vulnerable Renters Fund (£78,000) and ran an open application for financial support for residents. This was open to anyone in any tenure if their circumstances met the remit of the funding.
- 4.7 The second phase was April 2022 to September 2022 and comprised two elements:
- Exceptional Housing Support: Managed by TVBC's homeless prevention service, they worked with customers and landlords to make payments directly to landlords to reduce rent arrears and prevent homelessness.
  - Food Voucher Scheme: Managed by Finance & Revenues, targeting eligible individuals. £65 food voucher issued to each pensioner in receipt of Pension Credit and Council Tax Support and £30 to each household in receipt of Council Tax Support.
- 4.8 This scheme supported 4,636 residents with total award of £231,770.
- 4.9 The third phase was October 2022 to March 2023. As with previous phase, comprised two elements:
- Exceptional Housing Support: A further £48,500 was made available, which supported 312 households.
  - Food Voucher Scheme: Managed by Finance & Revenues, targeting eligible individuals. £30 food voucher to each household in receipt of Council Tax Support; and £50 to each household in receipt of Housing Benefit (but not Council Tax Support).
- 4.10 This supported 5,032 households, total award of £161,080.
- 4.11 The fourth phase commenced in April 2023 further funding is expected from HCC in the summer. This will include exceptional housing support (funding of £97,000) and another food voucher scheme (£50 voucher for Council Tax Support households, £80 voucher for Housing Benefit only households).

### Council Tax Support Fund

- 4.12 In December 2022, government announced support for vulnerable households, with two elements to the scheme: a mandatory scheme based on government criteria and a discretionary scheme to be designed by the local authority.

4.13 Households in receipt of Council Tax Support as at 1 April 2023 had their Council Tax bill reduced by up to £55 (made up of a £25 mandatory award and a £30 discretionary award). Support of £55 (discretionary) is also being made to new Council Tax Support applicants who make claims after 1 April 2023.

4.14 To date £121,418 has been awarded through this scheme.

#### Energy Bills Support Scheme and Alternative Fuel Payment Scheme

4.15 These two schemes started in March 2023. Residents make their application to central government, who pass them to local authorities to verify and make payment. This scheme is managed by the Finance & Revenues Service.

- Energy Bills Support Scheme: Support of £400 to households who are not supplied by a domestic electricity contract and who are unable to receive support automatically through the Energy Bills Support Scheme.

As of 24 May 2023, this has supported 409 households, to a total of £163,600.

- Alternative Fuel Payment Scheme: Support of £200 to households who use alternative fuels such as heating oil, liquefied petroleum gas (LPG), coal or biomass.

As of 24 May 2023, this has supported 361 households, to a total of £72,200.

4.16 Application for both of the above closed on 31/05/2023, final payments to be made by 30/06/2023.

## **5. The Test Valley Partnership Response**

5.1 The Council has also worked closely with partners from across the statutory and voluntary sector to understand the local impact of the cost of living and to coordinate the local response. This has been informed by three workshop sessions held as special sessions of the Test Valley Partnership, which brought together key stakeholders and service providers across the borough.

5.2 The key outcomes from those sessions included:

- Establishment of a £100,000 TVBC Cost of Living Grant scheme.
- Regular 'touch base' meetings between Citizen's Advice Test Valley (CATV), Romsey and Andover foodbanks and the Council to check on service demand and how families are being impacted locally.
- A [Cost of Living support page](#) on the TVBC website which brings together national and local support in a single place.

5.3 Furthermore, these partnership sessions have fostered new connections between organisations in both the charity and voluntary sector and the public sector.

- 5.4 As of 24 May 2023, 58 Cost of Living grants had been awarded, to a total value of £62,919.31. A full list of these awards can be found at the Annex.
- 5.5 The Council has also made an additional funding award of £16,000 to Citizen Advice Test Valley to enable them to recruit and train 16 volunteers, over and above their usual annual numbers. This reflects an increase of around 50% over their typical intake within existing budgets and will make a significant improvement in their ability to respond to demand.
- 5.6 The regular 'touch base' meetings, via Teams, have helped build on the existing links to key partners in the charity and voluntary sector as well as ensuring that as an organisation we have a current and up to date view of the impact locally. It is through these meetings that a number of practical partnership opportunities have been developed, most notably the CATV caseworker being based at Andover foodbank.
- 5.7 Partners advise us that they continue to refer clients to the Cost-of-Living support page on the TVBC website and we periodically check in with partners to ensure that their information is up to date.

## **6. Corporate Objectives and Priorities**

- 6.1 The work of the Council in bringing together partners to discuss the impacts of the cost-of-living crisis forms part of the Council's community leadership role and focus on quality of life for all. More specifically it is relevant to the corporate priority areas of prosperity, connectedness, inclusion and sustainability.

## **7. Conclusion**

- 7.1 The rising cost of living continues to loom over many households in Test Valley and with stubborn inflation and interest rates not necessarily yet at their peak, it is likely to continue to place significant pressure on residents for some time yet.
- 7.2 However, the response in Test Valley has been broad, flexible and coordinated. This has included nearly £6.5million in direct support to households from central government and administered by TVBC, as well as nearly £80,000 funding already awarded by TVBC for organisations supporting households in Test Valley.
- 7.3 Through our partnership approach we have been able to identify the range of strengths and assets available to support people in Test Valley and to target our support and resource where it can make the biggest difference. By continuing this partnership approach, we can maximise the impact of our resources, the effectiveness of partners and of funding from central government.

Background Papers (Local Government Act 1972 Section 100D)

None

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:

1

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File Ref:

N/A

Report to:

Overview and Scrutiny  
Committee

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