

## **Cost of Living Update**

### **Purpose of report**

For information and decision

### **Summary**

The rising cost of living remains a key priority for councils, government, partners and communities. The LGA is taking a cross-cutting approach to meeting the challenge, led by the Resources Board. We are undertaking separate but connected work on the impact on council finances; workforce implications, and the impact on people and communities (and implications for council services). This paper focuses on our work to support councils with the **impact on people and communities**.

### **Recommendation/s**

That the Resources Board notes recent work, including our response to the new Prime Minister's support with energy bills, and advises on priorities

That the Resources Board agrees representatives for a cross-cutting member advisory group, to join up work on the cost of living across LGA Boards and priorities

### **Contact details**

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# Cost of Living Update

## Cost of living – impact on people and communities

1. The rising cost of living remains a key priority for councils, both in terms of the impact on council finances and the impact on communities
2. On 8<sup>th</sup> September the new Prime Minister announced a further package of measures to address rising energy costs, including freezing the average domestic bill at £2,500 for two years, with an equivalent guarantee for businesses for six months.
3. The LGA response noted that the measures will alleviate some of the pressures on households and businesses. However, those on lower incomes or with limited wealth or savings may still struggle to meet the costs of energy and other essentials, particularly over the winter. We highlighted the need to mitigate health impacts of damp, cold homes and the importance of ensuring that healthy, nutritious food remained affordable to those on lower incomes.
4. We also highlighted the need to complement financial support with measures to increase energy efficiency and reduce bills by accelerating the transition to renewable energy, retrofitting homes and buildings with insulation and energy-saving adaptations, and promoting comprehensive energy advice.
5. This reflects our commitment to a cross-cutting approach that strengthens financial inclusion and economic wellbeing in the long-term. Councils are widely implementing integrated strategies to reducing socioeconomic inequality and we have commissioned a series of case studies, in partnership with public health colleagues, so that councils can share their local approaches.
6. In his letter to the new Secretary of State for Work and Pensions the Chairman will set out our commitment to working with Government and partners to ensure the welfare system delivers the right support, and that our shared approach to housing, employment and financial inclusion builds financial resilience and inclusive economies in the long term.
7. Housing costs remain a challenge for many residents. We continue to lobby for the freeze to private sector Local Housing Allowance to be lifted and restored to at least the 30<sup>th</sup> percentile of market rents. We have also suggested a review of welfare reforms including the Removal of the Spare Room Subsidy, the Shared Accommodation Rate and the Benefit Cap to ensure that they are delivering the intended policy outcomes in the current economic climate, and are not having unintended impacts on households who are struggling to meet their rental and living costs.
8. We have worked closely with the Department for Work and Pensions (DWP) on the implementation of the [Household Support Fund](#). We were pleased that the department was able to draw on our work with councils and partners, for example through our recent action learning programme, to inform more flexible

guidance for the final tranche of funding from October 2022 – March 2023. Both we and DWP have a wide range of case studies and learning from the effective delivery of this funding, which we hope will inform a more sustainable, preventative approach to local welfare support from April 2023.

9. We have developed a [Cost of Living Hub](#) for councils to share case studies on local projects, services and support. We are also producing a monthly bulletin and a series of webinars to share case studies, research and news from Government and partners.
10. We are working increasingly closely across the organisation to continue to develop and strengthen our collaboration with Government and partners and our support for councils, for example, our Behavioural Insights programme is already working with councils to engage residents in reducing energy consumption and adaptation, and we are exploring whether we can accelerate work to support adult numeracy and positive financial behaviours.
11. We are contributing to the Money and Pensions Service's revision of the UK Strategy for Financial Wellbeing and will ensure we connect members to that work through the proposed Cost of Living advisory group.

### **Member advisory group**

12. We have agreed to set up a member advisory group to ensure that we share learning, capture cross-cutting priorities and develop complementary approaches across the LGA's Boards and work programmes. Following concerns raised at the previous board meeting, and discussion with Resources Board lead members, we have approached the political groups to propose representatives, which will then be agreed with each Board. The group will be chaired by a member of the Resources Board.

### **Implications for Wales**

13. Welfare and financial support are devolved responsibilities. We connect with WLGA and Welsh councils to share learning.

### **Financial Implications**

14. All work is being delivered within existing budgets

### **Equalities implications**

15. Tackling socioeconomic inequality and disadvantage is a key objective for both councils and the LGA as they address the impacts of the rising cost of living. Many councils are developing cross-cutting anti-poverty (or similar) strategies

and we are supporting engagement across the sector through the hub, webinars and case studies.

16. Socioeconomic inequality frequently intersects with other characteristics to create specific challenges or multiple disadvantage. We are therefore also considering the impact of current cost of living pressures on particular groups and communities and, for example, working with councils on the collection and use of data to identify and support their most vulnerable residents.
17. Short-term support is important, but to reduce inequality in the long term we continue to make the case for sustained investment in services that improve our communities' financial wellbeing and resilience, support achievement and attainment and facilitate engagement and collaboration.

### **Next steps**

18. To develop our asks for new ministers, including key immediate and long-term priorities for forthcoming fiscal events
19. To continue to support the sector through the hub, bulletin, webinars, lobbying and tailored improvement support, including the behavioural insights programme and the debt maturity framework
20. To support the member advisory group to join-up work across the LGA Boards