

Calderdale MBC

Wards Affected All

Cabinet 14th November 2022



Cost of Living Crisis – Calderdale Response

Report of Director, Public Services

1. Purpose of Report

- 1.1 Calderdale aspires to be a place where you can realise your potential whoever you are. Our vision 2024 for Calderdale is to be a place where you can live a larger life.
- 1.2 Therefore, addressing the impact of the national cost of living crisis upon Calderdale residents, businesses and our voluntary and community sector is a priority for us.
- 1.3 This report, whilst accepting that this crisis is not something we can resolve, provides an overview of the key issues faced by our communities and local businesses and sets out our local response.

2. Need for a decision

- 2.1 The Cost of Living Crisis is a national crisis and refers to the fall in real disposable incomes that the UK has experienced since late 2021. It is being caused predominately by high inflation outstripping wage and benefit increases.
- 2.2 This report sets out the impact of the Cost of Living Crisis upon Calderdale and details the wider partnership response across the Borough. It highlights the need for additional capacity to support this response and seeks approval from Cabinet to address this.

3. Recommendation

- 3.1 Cabinet is asked to endorse the report and note the significant response that is happening across the Borough, by all partners.
- 3.2 Cabinet is asked to establish two fixed term posts as set out at section 5.3 to provide ongoing support to our communities, voluntary sector and businesses.

4. Background and/or details

- 4.1 The cost of living crisis is a national crisis and refers to the fall in real disposable incomes that the UK has experienced since late 2021. It is being caused predominately by high inflation outstripping wage and benefit increases.
- 4.2 The cost of living crisis fundamentally impacts on our ability to deliver on our Vision and our priorities. The rising costs of fuel, food and other essential are combining with existing disadvantage and vulnerabilities within our communities to put many households at greater risk of immediate hardship and impacting on their health and wellbeing.
- 4.3 To provide some context 17.3% of households across the Borough were in fuel poverty in 2020. This is significantly higher than the England average of 13.2%. The picture is also very different across the Borough, with our most deprived wards seeing 24.6% of households in fuel poverty. Latest figures from Gov.Uk are expected in April 2023, but we already know that the position will have become much worse.
- 4.4 The picture for children in poverty is even more stark, with 24.7% across the Borough living in poverty, compared with the England average of 18.5%. In our most deprived ward, we have 56.1% of children living in poverty.
- 4.5 The cost-of-living crisis is going to continue, and while we are seeing the current impacts play out in terms of inflationary increase in food and fuel, we know there will be further waves. We can already see the impact on housing costs, rental and mortgage increases and increased homelessness and use of temporary accommodation. Furthermore, there are likely to be other issues that we are simply not yet aware of.

Support for our Residents

- 4.6 In Calderdale, we have a great history of partnership working, with other local, private and voluntary sector agencies and our communities. This has stood us in good stead through other emergencies such as floods and more recently covid. Our Anti-Poverty Partnership is well established and has provided a sound platform on which to work together to maximise the support available and to mitigate the harm that the increase in cost of living is causing.
- 4.7 The Partnership held a really successful #FuelYourKnowledge event on 22nd September, providing networking opportunities for all frontline workers to find out about the huge amount of support that is available across the Borough.
- 4.8 Our Scrutiny Boards, led by the Strategy and Performance Board, came together on 29th September to hold an in-depth scrutiny into the cost-of-living crisis response in Calderdale. Whilst it was accepted that much of the response must be addressed at a national level and indeed is set in an international context, there also has to be a local response. The Councillors involved heard from Council officers and a number of our private and voluntary sector partners. Key points and actions were:
 - Whilst our first priority has to be people who have the most need for support, the cost-of-living crisis has affected a far wider group. People who up until now have not approached the Council, or voluntary organisations for help now need support as well.

- Communication from the Council as well as other organisations needs to give people a clear message of what support is available for people and where they can get it and also steps they can take themselves to manage their outgoings and maximise their income
- We learnt from Council officers about the campaign they are running to make sure that as many people as possible get Pension Credit. Pension Credit, like many other benefits, is significantly underclaimed and we need to make sure everyone is getting everything they are entitled to.
- There is very little “spare” money around in the Council’s budgets or other organisations, so we need to ensure that the response is coordinated, and duplication avoided.
- All organisations in Calderdale, whether public, voluntary or private, have a duty to take care of their own staff and provide support to them in whatever ways possible.

4.9 There is already a great deal of support available for individuals and households, detailed on our website: [Money and Wellbeing in Calderdale | Calderdale Council](#), this includes:

- Support and advice on maximising income and reducing expenditure from the Council’s Early Advice Support Team and our partners at Citizens Advice and Noahs Ark, Disability Support Calderdale, Together Housing and Age UK to name just a few.
- Local welfare assistance scheme to support those most in need with household items -£95,000 annual funding.
- Campaigns around maximisation of income, including most recently encouraging take up of Pension Credits and explaining the benefits of even a small award, in terms of automatic access to free NHS dental treatment, eye tests, cold weather payments and free TV licence.
- Encouraging take up of NHS Healthy Start to reduce costs of milk and vegetables and free vitamins for pregnant and new mums and children.
- Support with energy bills and grants to help keep homes warm through our Affordable Warmth Scheme, including £93,000 targeted at those whose health would be impacted negatively by having a cold home.
- Access to mental health services across the Borough.
- Help with getting good employment, building skills and work experience.
- Signposting to free and affordable food provision across Calderdale, including Gathering Place, Halifax Community Fridge, Brighouse Central Food Bank, Focus4Hope, Todmorden Food Drop in and Old Library in Cornholme. The full updated list of food support can be found [here](#), which also contains details of where you can access a hot meal.

- Ensuring that £5.4 million of Household Support Fund is allocated to our most vulnerable residents to support with energy, food and other essential costs.

4.10 However, it is clear that this will still not be enough to stop some people falling into significant debt and the impacts this will have on physical and mental health.

4.11 Our approach to supporting communities is one of collaboration, looking to them, through our Local Action Groups, led by Ward Councillors, to agree what support is needed. Where these have been set up already, we are seeing increased communication and support. We are keen to see more groups being established as it will be key to understanding hyper local issues and co-producing local, sustainable solutions in order to build resilience.

Impact on the Voluntary Sector

4.12 The effects of the cost-of-living crisis on charities and the wider voluntary sector are twofold.

4.13 Firstly, donations, subscriptions and other income sources associated with an individual's living standard are likely to reduce. At a national level, recent research from Charities Aid Foundation (CAF) shows cost pressures are affecting donations to charities as six in 10 (58%) people plan to cut back on discretionary spending over the next six months in order to manage their bills - rising to 69% amongst 25-34 year olds. Only a quarter of people (26%) say they won't be cutting back on anything. With many cutting back on discretionary spending, around one in 10 (12%) people reported last month that they plan to cut back on charity donations. Last month, only a quarter (25%) of people donated to charity in the past four weeks. This figure is significantly lower than the usual average for the month (29%), meaning that around 2m fewer people donated to charity than usual.

4.14 Secondly, as more families face financial struggles with the increased cost of living, previous research from CAF found that nearly nine in 10 (86%) charity leaders anticipated that demand for their services is likely to increase. At a local level homelessness, food bank and debt charities have seen surges in demand as people struggle to cover costs of food and other essentials and utility costs. Calderdale Citizens Advice Bureau has reported that demand for its support is now higher than at any point since the pandemic began.

4.15 Rising demand won't just be restricted to foodbanks and charities supporting those on low incomes, Pro Bono Economics (PBE) suggests the rising cost of living is likely to affect charities such as visiting museums, theatres, and exhibitions, which provide services that people consume more of as their income increases. Here, footfall may decrease as people have less disposable income available to purchase tickets, leading to falling revenues.

4.16 Our voluntary sector is also impacted by the rise in costs of goods and services so their existing fund-raising will not go as far as they once did. PBE analysis suggests a £20 donation in 2021 is predicted to be worth just £17.60 in 2024. Recently awarded grants will also significantly devalue in 2022/23; a grant of £100,000 per year in 2021 for the next three years, the 2023 grant would be worth £94,000 after accounting for inflation. For charities with reserves, it's also worth noting that interest rates remain incredibly low leading to a loss in value of reserves.

- 4.17 The Voluntary Sector Infrastructure Alliance (VSI Alliance) ran a VCS resilience survey in September to assess the scale of the local impact on groups and support needed. This identified increasing concern within the sector about their financial viability – with nearly 30% of responders stating that their organisation has felt financial unstable in the past 12 months

In the last 12 months, has your organisation felt financially unstable at any point?



- 4.18 The following quotes from survey responders reflect some themes about the pressure of increased demands whilst funding levels stay the same or are reducing, lack of funding for core costs and the struggle to keep quality staff (and volunteers) as pressures are increasing on services:

... 'Value of contract from Local Authority does not meet increased demand for our service offer which has nearly doubled within a year...'

'We have produced a deficit budget for this year, using reserves to try to keep as many of our experienced colleagues in the organisation.'

'Funders only interested in direct delivery and not recognising the essential costs behind this.'

- 4.19 The survey is being repeated in October to ask additional questions about appetite in the VCSE for providing warm spaces to local residents, the impact of fuel prices, the scale of the predicted increase in demand for support from local people and identify support needs for groups. This will inform the delivery plan for the Alliance in terms of support for organisations but will potentially lead to some groups needing significant help to survive the crisis. The findings from the survey are due be reported to the Health and Wellbeing Board to identify other potential opportunities for supporting the sector.

Support for the VCS

- 4.20 As set out earlier, the voluntary sector has played a critical role in supporting our most vulnerable residents and communities during the pandemic and as part of our ongoing partnership work to tackle poverty across the Borough. Enabling the sector to stay resilient will therefore a priority for our cost of living response.

- 4.21 At a national level the recently announced Government Energy Bills Relief Scheme will be available to support charities and community groups in the same way that it will be available to businesses and the public sector. The scheme to effectively cap prices will be reviewed in 3 months' time. This will inform decisions about support after March 2023 and is likely to lead to more targeted support and some businesses / organisations ceasing to receive support.
- 4.22 Regionally the West Yorkshire Inclusive Growth Framework recognises the key role that the voluntary and community sector plays in delivering economic inclusion particularly by supporting our most disadvantaged communities, and within these communities, those who are the furthest away from accessing work that pays well enough to stay out of poverty.
- 4.23 The Mayoral Combined Authority is therefore exploring options, working with the 5 West Yorkshire LAs, to identify what it can do to help support and sustain the sector in delivering in its economic inclusion activities and services during the current crisis and support those most in need. It is proposed that this will include a Mayoral Fund for the VCS that will be managed within the 5 local areas.
- 4.24 In Calderdale we are exploring using this fund in partnership with the Community Foundation for Calderdale (CFFC) alongside other funds like the Household Support Fund and the VCS Resilience funding identified from the Calderdale Integrated Care Board (ICB) to ensure that we can support as many groups as effectively and efficiently as possible with the different schemes.

Key areas likely to be funded are: debt and money advice, employment support, warm spaces,

The Calderdale allocation is like to be approx. £300k (to be spent in 3 tranches of £100k up til March 2024). The aim is to launch the fund in November 2022.

- 4.25 The WY Health and Care Partnership (WYH&CP) is also forming an action group on tackling poverty to form a narrative around the effects of poverty on health in WY and produce an action plan on how to minimise the impact of poverty on the population. It is likely that this will also have an impact on the VCSE in Calderdale.

Impact on businesses

- 4.26 Calderdale as a borough has seen great changes and impacts following the 2020 floods, covid 19 pandemic, BREXIT and now the cost-of-living crisis. Local businesses have been greatly affected by each of the external impacts, and now are facing a very different struggle, which is affecting their service and products, as well as each member of staff and their customers.
- 4.27 Intelligence from Mid Yorkshire Chamber of Commerce and Industry reveals more and more businesses are really struggling with costs increasing, not just heat and light, but also with transport, the costs of raw materials, and staff.

Barney Mynott from the Federation of Small Businesses has highlighted that businesses who use a lot of energy are hit hardest. Manufacturing is one of these sectors. If they have international competitors, then this is worse as our energy has gone up by more than other countries (France is 4%). Many businesses have fixed rate energy deals that are due for renewal in October, due to when privatisation

originally took place. It is estimated that between February 2021 and August 2022 bills have risen by 349% for electricity, and by 424% for gas. He has also flagged that while the media are also beginning to understand that pubs and restaurants will be hit, retail will also suffer and one area that isn't often highlighted is hair and beauty.

- 4.28 The Place Development Team were established in 2021 to help link with local businesses to support them with re opening safely and working in a world which was shaken by the Covid 19 pandemic. Their role has evolved and now through a physical presence across our market towns can gather grass roots intelligence about the key issues businesses are facing, as well as act as a means to provide businesses with support and signposting.
- 4.29 Calderdale Business growth managers are also gathering information which is being collated by the West Yorkshire Combined Authority, so the West Yorkshire Mayor and Leaders can be made fully aware of the impact of this current crisis and use this intelligence to inform responses.
- 4.30 One of the greatest concerns apart from the raising costs on all sectors within the economy are the number of potential redundancies which will be the result of business efficiencies to survive. Currently from the 53 businesses who were spoken to, all have said that within 4 months they will have to consider staffing levels, and also whether to remain open or shut down.
- 4.31 A summary of some of the key issues highlighted through recent conversations between the Place Development Team and local Calderdale businesses is outlined in the table below:

Sector	Current Impact	Projected impact	Help required
Hospitality	Reduction in opening hours so not heating all week prices up from £20k annual to £120k	Reduction in staffing	Energy cap, grants
Florist	Finding cheaper supplies to try and maintain current prices to customers	Reduction in choices, so will see customers leaving	VAT reduction, business rate relief
Garden Centre	Owners not taken a wage for last 6 weeks	Savings will run out so will have to make staff redundant	VAT reduction, business rate relief
Cafe	Not using all appliances so limited menu	Pre-cooking food in large amounts	Cap on energy bills so planning is easier

	choices, stopped frying	working longer hours.	
Restaurant	Owner now cooking Limited menu, and opening times now only 4 days from 6	Laid off 3 staff so very tough on the ones left. Quality of produce been reviewed as costs too high from current suppliers	Grant payments and Energy cap

Support for our Businesses

- 4.32 Most of the business in Calderdale are small and have very limited reserves to help them when times get tough. During the pandemic, over £200 million of financial support was given by Government and distributed by Calderdale Council to over 1600 local business to help safeguard our local economy. This funding was sector focused and time limited and certainly did help businesses through that period. Those resources have now all been used.
- 4.33 On Friday 23rd September the Government set out its proposals for capping energy prices for businesses which may help for the next six months. Through a new government Energy Bill Relief Scheme, the government will provide a discount on wholesale gas and electricity prices for all non-domestic customers (including all UK businesses, the voluntary sector like charities and the public sector such as schools and hospitals) whose current gas and electricity prices have been significantly inflated in light of global energy prices. This support will be equivalent to the Energy Price Guarantee put in place for households. The level of price reduction for each business will vary depending on their contract type and circumstances:
- 4.34 The Place Development Team are playing a critical role in signposting local businesses to sources of support. The growth managers, funded through West Yorkshire Combined Authority are also working closely with businesses to refer into growth related grant support, and also signpost to ReBIZ, which is a grant fund providing businesses with specialist help for energy efficiencies.
- 4.35 Calderdale Council is working closely with West Yorkshire Combined Authority to ensure that future business support supports with resilience as well as growth, thus helping businesses plan more effectively for the future.

5. Options considered

Governance

- 5.1 Cabinet and Corporate Leadership to meet as a Cost of Living Crisis Board to meet on a monthly basis to oversee the economic impact of the crisis.
- 5.2 Managing information across the partnership and ensuring timely briefings and updates to local, regional and national governance and further developing our whole systems response to the crisis requires additional resources. This is especially

important given we cannot yet understand the ongoing and changing impacts that this crisis will have.

- 5.3 It has been agreed that two new time limited posts be created, both funded by local health and care partners. This is in recognition of the very serious impact that this cost of living crisis will have on the health and wellbeing of our residents.

- 5.3.1 Cost of Living Response Programme Manager, based within CMBC

- 5.3.2 Cost of Living Voluntary Sector Support Officer, based within VSIA

- 5.4 Encouraging Ward Councillors to lead Local Action Groups that work within the community to identify local issues is a key action for the Anti Poverty Partnership and we would ask Cabinet to endorse this approach.

In terms of Support for our Businesses

- 5.5 The current Place Development Team are resourced to 31 March 2023. Work is progressing to identify how to evolve the service in order to better establish a council wide approach to business engagement, maximise both intelligence and its impact on service design and delivery and provide an effective routeway for business to support that the Council can offer, including in times of crisis.
- 5.6 Existing budgets are being reviewed to identify how this option can be achieved. Subject to confirmation of available existing resources, a team of five will be established, including new economic intelligence capacity that will assist us in understanding the local impacts of rapid national economic change and shaping our response to best effect. If further resources are required to support this work, they will be the subject of future budget proposals.

6. Financial implications

- 6.1 The costs of the posts stated at 5.3 will be met from existing budgets.
- 6.2 Once we understand more about the scale of the ongoing crisis and the level of support available, we may need to request funding in 2023/24 and beyond.

7. Legal Implications

- 7.1 There are no known legal implications.

8. Human Resources and Organisation Development Implications

- 8.1 There are implications in relation to the affect of the crisis on our staff. The Peoples Board, Employee Reference Group and Corporate Leadership Team are actively working to agree ways to support staff.

9. Consultation

- 9.1 Consultation has taken places with businesses across the borough.

10. Environment, Health and Economic Implications

10.1 West Yorkshire Health and Care Partnership agreed at their meeting on 6th September 2022 that:

- Poverty is an important determinant of physical and mental health and wellbeing.
- The number of people living in poverty is predicted to increase in coming months due to the rising cost of living.
- There are already staff working in West Yorkshire Partnership organisations who live in poverty and the number will increase significantly due to the cost-of-living crisis, impacting on the wellbeing of our workforce
- The health impacts of rising poverty will increase demand for health and social care services at a time when the cost of delivering services will also increase adding additional pressure on stretched services and risking the sustainability of the current health and care services.
- There are opportunities for the West Yorkshire Partnership to take action to tackle poverty and mitigate its impacts – in its role as provider of services, employer of staff, as a purchaser of goods and services and advocate and as anchor organisations
- Poverty is stigmatising and many people who live in poverty feel ashamed to ask for help, so engaging people with lived experience in our workforce and out communities in action to tackle poverty is essential
- Local authorities and other partners in West Yorkshire have well established anti-poverty programmes and important insights into where action at a West Yorkshire level and through NHS organisations can add value
- The West Yorkshire Partnership is asked to make tackling poverty a priority; through mitigating the consequences of poverty on the health of individuals and on the health service, as well as addressing the drivers of poverty with a range of approaches to reduce poverty in the short, medium and long term.
- The Board agreed to make tackling poverty a priority, through mitigating the consequences of poverty on the health of individuals and on our health and care services, as well as addressing the drivers of poverty with a range of approaches to reduce poverty in the short, medium and long term.

11. Equality and Diversity

11.1 It is understood that the impacts of the Cost of Living Crisis will not be felt equally across our diverse communities. Those individuals and communities that are most disadvantaged will be impacted more severely.

11.2 Our action plans and resources will be targeted at those most vulnerable residents.

12. Summary and Recommendations

- 12.1 The cost-of-living crisis impacts across all our communities, with greater impact for those who are most disadvantaged. There is also a significant impact on our businesses, many of whom are just recovering from the impacts of flooding and covid.
- 12.2 The increased demand already being seen by colleagues across the Council and our public, private and voluntary sector partners for support is having a negative impact.
- 12.3 Cabinet is asked to agree recommendations to increase resilience and mitigate the worst of the harm as stated at Option 5.
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The documents used in the preparation of this report are:

- 1.
- 2.
- 3.

The documents are available for inspection at: