

# Cost of Living Crisis

HOUSING AND SOCIAL WELLBEING COMMITTEE  
BRIEFING – 7 SEPTEMBER 2022

*THE INFORMATION IN THIS PRESENTATION WAS ACCURATE AT THE TIME OF PUBLICATION - 1ST SEPTEMBER 2022. THIS IS A DAILY CHANGING SITUATION AND THEREFORE THE FIGURES MAY QUICKLY GO OUT OF DATE.*

# Background and Context

## Cost of Living Crisis – Headlines:

- The Cost of Living has been increasing across the UK since early 2021
- Consumer prices, (CPI) were 9.4% higher in June 2022 than a year before
- Food inflation was 9.8% higher in June 2022 than a year before
- The price of petrol saw its biggest daily jump in 17 years on 7th June 2022 (June 2020 - £60.81 ; June 2021 - £71.88 ; June 2022 - £99.40)
- The Cost of Living Crisis is expected to increase essential family spending by £56.89 per week
- An increase in the energy price cap in October is expected to push inflation to 13% later this year
- Goldman Sachs are now forecasting inflation rate at 22% if energy prices remain at current high levels

# In Perth & Kinross ...

## Income/Savings and Resilience

- 18% of families have no savings (*Scottish Household Survey is a small sample of the PK households - 2019 latest available figure, likely to be significantly higher now*)
- 13,000 people earn less than the living wage of £9.50 an hour
- 24,000 are in lower paid work – gap in average earnings is £47.10 compared to the Scottish average
- The gender pay gap - £140 a week for full time workers

# Vulnerable people/groups

- ▶ Families without recourse to public funds (asylum seekers who have had their claims rejected and are waiting to make a further application for refugee status)
- ▶ Lone parent families headed by a woman
- ▶ Families with a disabled family member
- ▶ Large families
- ▶ BAME families
- ▶ Families with a mother under 25
- ▶ Families with a child under 1 year old

# Vulnerable people/groups

- ▶ People on the cusp of qualifying for a passported/means tested benefit
- ▶ People on benefits and pensioners
- ▶ Private renters:
  - ▶ on lower incomes,
  - ▶ live in homes with poor energy efficiency
  - ▶ pay significantly higher rents than social tenants
- ▶ Anyone with less disposable income
- ▶ People on low incomes who need to run hospital equipment at home (dialysis machines, hydraulic beds etc)

# Income Modelling

**Lone Parent, aged 23, 1 child under age of 1, not in employment, PKC tenants**

## Income

Universal Credit	£200.30
Scottish Child Payment	£20
Child Benefit	£21.80
<b>Total</b>	<b>£242.10</b>
Council Tax Reduction (does not count as income)	17.27

## Essential Spending

Rent	£82.64
Water and Sewage	£8.22
Heat and Light	£68.42
Telephone and Comms	£21.05
Transport	£18.21
Insurance	£21.19
Childcare	£0.00
Poverty Premium	£10.97
Food	£75
<b>Total</b>	<b>£305.70</b>

## Budget

(left for other essentials, e.g. toiletries, repair and replacement household goods)

**-£63.60**



**Single Pensioner, mortgage free**

## Income

Full State Pension	£185.15
<b>Total income</b>	<b>£185.15</b>
Council Tax reduction (does not count as income)	£17.27

## Essential Spending

House Maintenance and Repairs	£8.00
Council Tax	£8.88
Heat and Light	£68.42
Telephone and Comms	£21.05
Transport	£18.21
Insurance	£21.19
Childcare	£0.00
Poverty Premium	£10.97
Food	£40.00
<b>Total</b>	<b>£196.72</b>

## Budget

(left for other essentials, e.g. toiletries, repair and replacement household goods)

**-£11.57**





# Government Mitigation Actions

- ▶ £400 off energy bills for all households (not automatic for prepayment meters)
- ▶ £650 payments for households receiving means-tested benefits with additional payments of £300 for pensioners and £150 for people receiving disability payments
- ▶ A 5p cut in fuel duty
- ▶ An increase in the threshold at which National Insurance Contributions begin to be charged on earnings
- ▶ £150 to every household in receipt of Council Tax reduction and £150 for all other occupied households in Bands A to D
- ▶ £10 m in 22/23 to continue the Fuel Insecurity Fund
- ▶ Increase to the Scottish Child payment to £20 in April , to be extended to £35 per week and all under 16's by the end of 2022

# What we can influence...



▶ Breakfast Club and School meal debt



▶ Minimising the cost of the School day



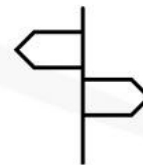
▶ Rent arrears



▶ Affordable rents



▶ Council Tax debt



▶ Signposting to welfare rights/CAB and other agencies



# Financial and other help

**A significant increase in demands for these services is an early indicator of increased financial stress**

- ▶ Money and advice services
  - ▶ Perth Cab **262%** increase in utilities debt caseload
  - ▶ PKC Welfare rights team **64%** increase in contacts since May 2021
- ▶ Scottish Welfare Fund Crisis Grant Applications – applications up **42%**
- ▶ Financial Insecurity Fund – currently **c.300** applications
- ▶ Applications for Free School Meals **trebled** since 2019/20
- ▶ School Clothing Grants up **15%**

# The response – so far



**£600,000** has been allocated to augment the financial insecurity fund

This fund will be allocated by the Welfare Rights Team who will ensure that every beneficiary also receives a comprehensive welfare rights and money advice service.



**£100,000** has been invested in a Financial Inclusion Project to provide money and welfare rights advice to tenants

This funds additional welfare rights and money advice provision by Perth & Kinross Welfare Rights Team and Perth CAB

**£254,000** has been allocated to a Tenancy Sustainment Fund

This is an increase of £104,000 on pre-covid spend.

**£160,000** has been allocated to fuel poverty and energy efficiency advice



**£104,000** additional funding has been allocated to school holiday food insecurity programmes

**£327,000** has been committed to a Food Fund - £265,000 for community food initiatives



**£74,000** has been committed to additional welfare rights provision

# The view from the community

Paul, Romanian, 34, works full time and his wife works part-time. They are both in low income employment. They believe they are not entitled to UK benefits. They use the Community Fridge to stretch their budgets.

Grace, 64 is unemployed and is an unpaid carer for a number of her grandchildren, a niece and nephew so their parents can work. She struggles on benefits and uses the Community Fridge4All to help feed the children and herself.

Elsie, 76, widow, uses the Community Fridge4All project on a weekly basis. She has said she is doing this so she can put away money to save for higher utility bills this winter.

Fiona, 33, is an employed teaching assistant. her husband also works fulltime. They are struggling to manage their budget because of the rise in the cost of utilities. They access the Community Fridge twice a week.

# Current actions/next steps

## Winter Response Plan – Partnership Approach

- Activity and support - coordinated at a ward / locality level involving all relevant parties, including Elected Members, community groups and officers
- ▶ Contact with all community groups, 3rd sector organisations and partners to establish/ map plans for support, cosy spaces, identify gaps and assistance needed
- ▶ A mapping of cosy spaces already identified and identification of areas where there are gaps
- ▶ Coordination of food and fuel activity
- ▶ Identification of resource requirements
- ▶ Incident response arrangements for severe weather

# Current actions/next steps

Communications and engagement plan:

- ▶ to inform local residents of where they can go for help to:
  - ▶ maximise income,
  - ▶ conserve energy,
  - ▶ reduce fuel consumption,
  - ▶ obtain access to free or low- cost food, warm food,
  - ▶ cosy spaces and warm home packs
- ▶ Targetted work to ensure support to our most vulnerable residents
- ▶ Awareness raising for staff and other key stakeholders

# Current actions/next steps

- ▶ Work with organisations /employers to ensure support for employees:
  - access to welfare rights,
  - ▶ money and debt advice;
  - ▶ signposting to other sources of help and support
  - ▶ flexible working arrangements.
- ▶ Continue efforts to increase registration for free school meals and school clothing grants
- ▶ SSEN resilience fund of £200k - working together to identify organisations and community groups to enable access to funding based on need
- ▶ Monitor a suite of key indicators of Poverty to provide a measure of the impact being felt across communities