

## **Committee: Cabinet**

**Date: 19 September 2022**

Wards: ALL

## **Subject: Cost of Living Fund and Household Support Grant**

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### **Recommendations:**

- A. To agree the proposal to commit £630,000 of the Household Support fund to free school meal vouchers for the period October 2022 to March 2023 (including Easter holidays) as set out in para 2.6.
- B. To agree the proposal to commit £100,000 of the Household Support fund to be available for application based referrals from residents as set out in para 2.7
- C. To agree the proposal to commit £454,000 of the Household Support fund and £200,000 of the council's Cost of Living fund to direct grants with individual payments of £60 to residents in receipt of Council Tax Support by Post Office voucher as set out in para 2.8.
- D. To agree the proposal to allocate £400,000 to initiatives that reduce heating costs as set out in para 2.11.
- E. To agree the proposal to commit £100,000 to support arrangements in the voluntary and community sector as set out in para 2.16.
- F. To agree the proposal to commit £200,000 to fund two Debt Advisors for two years for Citizens Advice as set out in 2.15 and 2.17.
- G. To agree the proposal to commit £100,000 to Sustainable Merton to support the Community Fridge as set out in 2.18 and 2.19.
- H. To agree the proposal to keep back £1 million to enable a further review in January 2023 and to implement further initiatives as set out in 2.20

## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 The council has declared a Cost of Living Emergency and is supporting residents in several ways to alleviate the financial burden facing them as the cost of living continues to rise far faster than wages. The council has recently set up a Cost of Living Emergency Fund to target support to residents and voluntary and community organisations. This report sets out proposals for the use of Merton's £2 million Cost of Living Emergency Fund and the third tranche of Household Support Fund of £1.186 million for the period October 2022 to March 2023.
- 1.2 The conditions for the Household Support Grant are broadly similar to the first. As before, the purpose is to transfer the value to households to

offset increased household bills and it cannot be used to support information and advice services. The guidance stipulates that part of the fund has to be used for some form of application process that residents can access..

- 1.3 These proposals provide a balance between direct grant support to residents, emergency support delivered through the voluntary and community sector and initiatives that reduce heating costs.

## 2. DETAILS

### The cost of living crisis in Merton

- 2.1 The council's overarching ambition is to nurture a strong sense of civic pride in our borough and that this ambition is central to everything we do to deliver on the priorities that matter to our residents as we emerge from the pandemic. Supporting residents through the Cost of Living crisis is one of the council's key strategic priorities.
- 2.2 There has been a rapid rise in the cost of living over the past year. Inflation is now at 10.1% and is forecast to rise nearer 13% in the Autumn. The energy cap increased by 54% in April, in cash terms a rise of around £693 per annum for a typical household. The regulator has recently announced a further increase in the cap coming into effect on 1 October that would see the annual cost for a typical family rise to £3,549. The next change in the cap is due on 1 January 2023, with Cornwall Insights forecasting a further increase to £5,387. At this rate the annual cost of heating an average home will have tripled over the past year. The cost of petrol has also increased significantly, though it has fallen in the last month. Overall, there has been a 43% increase in the cost of petrol at the forecourt over the past 12 months.
- 2.3 In June the council declared a 'Cost of Living Emergency' and set up a £2 million cost of living support fund. We have been running a series of free events in Morden, Mitcham and Wimbledon libraries offering support and advice to residents. As well as food vouchers, each event has had around 17 stalls staffed by council teams and our partners. All the events have proved extremely popular with around 800 people attending in total. Feedback from residents has been very positive with 93% of attendees saying the event was excellent / good.
- 2.4 Two more events are planned for the Autumn in Colliers Wood and Pollards Hill. We are working with the Chamber of Commerce to run an event for local businesses in September to discuss how we might collectively support residents and employees during these difficult times. We are hosting a cross-sector Cost of Living event early in November with a range of partners to share information and develop a system wide approach to supporting residents through these challenging times. A staff event or drop-in sessions will be delivered. A broader range of events will be developed with voluntary sector organisations to be delivered during the autumn and winter. These events enforce the civic pride priorities.

## Grant proposals and support available

- 2.5 The Government has announced a third tranche of the Household Support Fund for the period October 2022 to March 2023. The guidance states that part of the fund must be used for an application based process for residents to access. Taken together with the Cost of Living support fund the council has £3.186m available in 2022/23 to support residents.
- 2.6 It is proposed to continue with the support of Free School Meal vouchers from October 2022 to March 2023 including the Easter holidays in 2023. It is proposed that the funding remains at £15 per child. This will cost approximately £630,000. The number of qualifying children has increased over the past six months, so the estimate includes further growth.
- 2.7 It is proposed to allocate £100,000 of the Household Support fund specifically for application based referrals from residents. This scheme will be administered and delivered by Wimbledon Guild. They will be allocated a small amount of funding for administration costs.
- 2.8 It is proposed to use Council Tax Support as the means to identify households in financial need. As of 1 September, there are 6,772 working age claimants and 3,350 pensioner age claimants. The balance of the Household Support fund £454,000 and £200,000 of the council's Cost of Living fund will be used to fund individual grant payments of £60 This will cost £607,000.
- 2.9 The payment would be by Post Office voucher to avoid having to seek applications and bank details. Any application-based approach is likely to have a lower take up and risk missing those most in need including those digitally excluded.
- 2.10 Whilst the £60 grant payment will support residents affected by the 'heating or eating' dilemma there are also other ways to reduce fuel bills. We therefore propose to allocate £400,000 towards initiatives that reduce fuel poverty by reducing heating costs.
- 2.11 The Council currently funds 'Thinking Works' to carry out home energy efficiency visits to low income households. From the £400,000, we could expand this programme and provide funding to expand the service delivery model to include partner organisations. This would include expanded training and mentoring from Thinking Works. The funding would allow additional visits funding for small adjustments/items that may help support a household to stay warm. This additional funding should have an element of simple means testing to ensure that it is allocated to those that most need it. The benefits of this approach are that it ties into longer term energy efficiency work, as these visits can also support a household to apply for GLA Grant Funding for energy efficiency works.
- 2.12 We could also look at using some of this £400,000 fund to give to community and voluntary sector partners expressly for providing items

- for helping people stay warm and provide energy efficiency saving directly to households that are in need.
- 2.13 Driven by the Cost of Living crisis, local voluntary and community sector (VCS) partners are seeing an increase in the demand for support and complexity of issues faced by residents. In addition, residents who have not previously needed support are seeking advice and help, putting further pressure on VCS organisations.
- 2.14 For example, 4,086 residents contacted the Citizens Advice Merton Adviceline in the four-month period to end of July 2022, compared to an already big jump to 3,943 in the same period for 2020 during the first lockdown. The average length of calls is now considerably longer now than in 2021 or 2020. This reflects the rising complexity of queries and a rise of callers in distress/crisis. There has also been a significant rise in on-the-day demand at their Mitcham and Morden offices.
- 2.15 The Citizens Advice Merton reported that debt being presented as a priority for Merton residents supported in the three months up to August 2022 rose by 30%. In August 2022 they recorded the highest number of debt issues being raised as the priority issue (this August was the busiest August the charity has ever experienced in their history).
- 2.16 We therefore propose allocating £100,000 to our existing Strategic Partners as well as groups who provide emergency assistance relating to the cost of living e.g. fuel vouchers, grants, foodbanks and organisations that offer sustainable targeted approach, or who can support any needs for longer-term assistance that are identified. Some of this proposed funding will be used to help alleviate the immediate pressure points leading up to the winter.
- 2.17 The council already funds one Debt Advisor for the Citizens Advice. We are proposing to fund a further two Debt Advisors for two years. These advisors will take the advice and service out into the community meeting residents in Merton libraries. The cost for this funding is £200,000.
- 2.18 Sustainable Merton are commissioned by Public Health to lead the borough's response to food poverty which involves the coordination and monitoring of the community fridge network (including food provision), coordination of the food poverty response group and refreshing of Merton's Food Poverty Action Plan.
- 2.19 To strengthen this work and continue to support Merton residents this winter, we propose allocating £100,000 of the Cost of Living funding. This money would be used to continue Sustainable Merton's operations, such as the community fridge network and provide ongoing support for the programme during a time when increased demand for the service is anticipated. Part of the funding will be ring fenced for grants/partnerships with local organisations to help develop their food response activities such as local food provision across the borough.
- 2.20 Of the council's Cost of Living fund £1 million will be held back until January 2023. This will give the council time to review the effectiveness of the initiatives detailed within the report.

- 2.21 The council will provide Warm Spaces at libraries throughout the winter and will engage with businesses within the borough to encourage them to offer similar to residents.
- 2.22 The council will commit to reviewing its energy use across all buildings.
- 2.23 The council will engage with Croydon, Merton and Sutton Credit Union to investigate the benefits of a partnership with the council and benefits for Merton residents.

### **3 ALTERNATIVE OPTIONS**

- 3.1 There are other approaches, but all pose difficulties. An application-based approach is difficult and expensive to administer and would have a high risk of not utilising all the funds. Any unused funds from the Household Support Grant must be returned to the DWP.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1 None yet undertaken as the timescales for implementing do not allow for it. The previous scheme was communicated to voluntary sector partners.

### **5 TIMETABLE**

- 5.1 Household Support Grant is for use between October 2022 and March 2023. There are likely to be two reporting points and an action plan required to be submitted to the Department of Work and Pensions.
- 5.2 The direct support grant should be issued in November.
- 5.3 Some elements of the funding will be used into the next financial year.

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1 The council will receive £1.186 million for the period October 2022 to March 2023 in Household Support Grant. The Cabinet agreed to set up a Cost of Living Support Fund of £2m at its meeting on the 27 June 2022. In total this provides a pot of £3.186m. Proposals in this report amount to £3.186m.
- 6.2 Authorities are likely to be required to provide two Management Information (MI) returns outlining their grant spend and the volume of awards as set out above.
- 6.3 Grant payments will be made to Authorities in arrears on receipt of fully completed and verified MI returns.

### **7 LEGAL AND STATUTORY IMPLICATIONS.**

- 7.1 The grant determination letter has not been issued yet. It will detail the criteria for the Household Support Grant tranche 3.
- 7.2 The onward granting of the monies under the schemes will be of such value as they fall below the De Minimus threshold in respect of the

subsidy rules. The onward granting of the funds will need to be governed by grant agreements and be offered in a transparent and open manner in accordance with the public contracts regulations and the Councils own standing orders.

- 7.3 The Council is permitted to provide grants by virtue of the Local Government Act and the Localism Act.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1 Part of the funding is provided by the government and along with the Council's fund are aimed to reduce the impact of rising costs of living for the most in need.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1 None specific.

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1 Household poverty is a significant concern for the council.
- 10.2 There is a risk that we will not be able to reclaim all the money distributed and would have to claw back from partners.
- 10.3 There is a risk that we do not identify all of those in need, but our partnership with the voluntary sector mitigates this.

## **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- 11.1 None

## **12 BACKGROUND PAPERS**

- 12.1 None