

From: Roger Gough, Leader of the Council  
David Cockburn, Chief Executive

To: **Cabinet – 29<sup>th</sup> September 2022**

Subject: KCC's Response to the Cost-of-Living Crisis

Classification: **Unrestricted**

**Summary:** This report sets out the current picture and KCC's response to the cost-of-living crisis. Whilst acknowledging that the primary responsibility for easing the crisis at the population level sits with Government, through existing schemes and grant programmes following the Covid-19 pandemic, the council already has in place several support programmes that are helping vulnerable residents in Kent with financial hardship and cost-of-living issues. The report also sets out a range of next steps, particularly regarding an enhanced response working alongside strategic partners. It does not address the issue of the inflationary pressures on KCC services or budgets directly, or those of our providers, as this will be considered through the budget development process.

This report is based on the paper intended for County Council on 15 September, postponed due to the death of the Queen. An addendum paper summarising key announcements in the interim including energy support schemes for residents, businesses and non-domestic users, can be found in Appendix 1.

**Recommendations:**

**Cabinet is asked to:**

- (1) **NOTE and DISCUSS** the impact of the cost-of-living crisis on people and households and the current response to it.
- (2) **NOTE** that a separate report on the impacts of the crisis on businesses and enterprises and the support available is scheduled to be presented at a future Growth, Economic Development and Communities Cabinet Committee.
- (3) **NOTE** that the Financial Hardship Programme will continue to provide support to people and households over the winter period.
- (4) **NOTE** that a third round of the Household Support Fund is expected to be provided by Government and, depending on any restrictions, KCC's intention is to allocate the funding as it has previously between support for families eligible for free school meals, some funding issued to District and Borough Councils, some funding provided through KSAS, and some funding held for dedicated support with water and energy bills.
- (5) **AGREE** that KCC will lobby Government to ensure that any cost-of-living grant support to local authorities has clear objectives but limited restrictions to allow KCC

and its partners to flexibly meet local need, and that capacity funding is provided to local authorities to administer and deliver any such schemes.

(6) **AGREE** that KCC will lobby Government to consider the immediate and direct benefit of providing grants schemes targeted at vulnerable households to improve thermal insulation.

(7) **NOTE** that an emergency meeting of Kent Council Leaders did go ahead on the 15 September to discuss the cost-of-living crisis and how Kent councils should respond jointly. This included agreement to expand the scope of the Financial Hardship Task & Finish Group.

(8) **NOTE** the potential for the Integrated Care Partnership to be the vehicle through which Kent and Medway partners can work together to jointly address the medium to longer term impact of the cost-of-living crisis, and that the Integrated Care Partnership will discuss a paper about cost of living at their October meeting and consider a collective response.

## 1. Introduction

- 1.1. This paper aims to provide an overview of the national cost-of-living crisis and how it is impacting on Kent, the response that KCC is already delivering to help vulnerable residents cope with cost-of-living pressures and sets out proposals for next steps to enhance the support available. The cost-of-living crisis presents a significant challenge to the county and its economy, KCC services, our partners and the people of Kent as the impacts of inflation and rising costs are felt by households and organisations.
- 1.2. However, the agenda is fast paced and on 08 September, the new Prime Minister, Liz Truss, made an announcement on a package of significant investment and support from the Government on tackling energy price rises. Whilst we now know the headlines of the measures the new Government will take, due to delays as a result of the Queen's death, some of the finer details are still emerging. A supplementary addendum paper outlining the key announcements to date can be found in Appendix 1. It is highly likely that by the time of this Cabinet meeting, further details may have been released.
- 1.3. The scale of the support packages announced for households and businesses will materially impact on the inflationary cost-of-living crisis that this paper discusses and will help alleviate a significant amount of pressure. However, it is unlikely to be able to mitigate the cost-of-living crisis completely. Whilst energy costs are perhaps the most significant aspect of the inflationary pressures driving the cost-of-living crisis, as this paper notes, it is important to recognise that other prices, including food, transport and other day-to-day prices are rising significantly faster than many household incomes.
- 1.4. Therefore, the cost-of-living crisis will likely remain a significant challenge to many Kent residents, and evidence is clear that inflationary pressures disproportionately impact vulnerable households' income more than those with

greater financial means. Moreover, it is not yet clear whether the support package on energy costs for businesses will be extended beyond six months. As such, even with the significant package of national support to households and businesses, other price rises facing households and businesses remain a significant risk to the Kent's economy and social fabric. As such, the County Council has a clear role to play in doing what it can to help Kent residents, particularly the most vulnerable in our county, through what will be a period of economic uncertainty and pressure.

- 1.5 Although the inflationary cost-of-living crisis is an international and national issue, local factors mean that Kent can feel the effects more strongly. Kent has pockets of significant deprivation which can be masked by the wider South East picture, and factors such as lower average earnings in these areas compared to other parts of the region could make it harder for people to manage increasing costs.
- 1.6 KCC plays an important and long-standing role in developing the success and resilience of the county's economy, working with our partners to boost skills levels, facilitate good-quality jobs, support businesses and sectors, put in place the infrastructure for a successful economy and attract investment into the county. The aim of these interventions is to improve productivity, which is the biggest driver of economic growth and prosperity, raising employment prospects, earnings and quality of life for local people and putting them in a better position to withstand financial pressures. We have set out our plans to accelerate our progress in many of these areas over the next four years and beyond in our Council Strategy *Framing Kent's Future*<sup>1</sup>, with a particular focus on areas that are falling behind the rest of the county and closing gaps with the rest of the South East.
- 1.7 While longer-term work to develop the economy is vital, there is also a more immediate need to respond to the cost-of-living crisis that is impacting on people now and will heighten over the winter. Aside from some discrete commissioned services, KCC's role, levers and resources as a county council to provide responsive short-term support to people facing financial crisis have been very limited. However, during the Covid-19 pandemic, upper tier authorities have been expected to step into the provision of crisis support through emergency funding schemes that Government has introduced. This has allowed KCC to work with partners to develop a comprehensive and nationally commended Financial Hardship programme to support people struggling with the impacts of the pandemic.
- 1.8 The cost-of-living crisis is not a critical incident in the same way that the Covid pandemic was and KCC will not have the same level of resources available to respond. However, the Covid response has created a legacy of strengthened partnerships, improved ways of working and successful interventions that KCC and partners can learn from and take forward in responding to the cost-of-

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<sup>1</sup> KCC's Council Strategy 2022-26 [Framing Kent's Future](#).

living crisis. Given the complex national and global issues impacting the cost of living, many of which require macro level economic and policy interventions at national level, KCC cannot remove the pressures. Instead it has a role to play in working with partners to support people to mitigate, manage and cope with the impacts they are experiencing as far as we are able to do so within the resource envelope provided by central Government and that maintains strong financial sustainability of the Council.

- 1.9 The cost-of-living crisis has seen a significant amount of media coverage, reporting and projected modelling. This paper has, wherever possible, attempted to use official sources to ensure consistency and confidence in modelling. However, this means some more recent reports from third party sources may not be included even if they are more up to date. The interrelationship between the drivers of inflation and cost of living are inherently complex (e.g., Ukraine conflict, post-pandemic global economic surge, Brexit transition) and readers should use caution in drawing hard conclusions where there is strong correlation but limited evidence of causation.

## **2. Background**

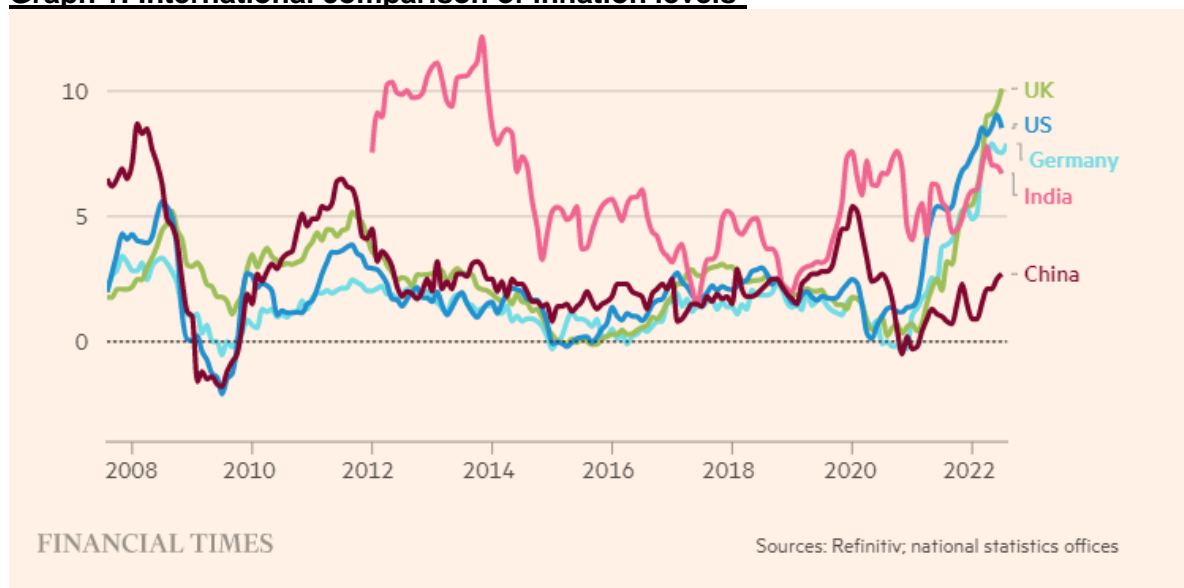
### **National and global picture**

- 2.1 The UK is undergoing a prolonged period of economic challenge as it has moved through the Pandemic and now contends with a new but more universal problem as the cost of living, which has been rising since 2021, is beginning to reach crisis levels that may be unsustainable for many.
- 2.2 The key events that have contributed to this situation are well known. The Covid-19 pandemic introduced an unprecedented economic impact as households and businesses navigated lockdowns which brought about reductions in consumer spending, income and production, causing employment challenges as people were either made redundant or furloughed, and requiring many firms to cut production, sell assets and lower investment. However, as the world's economies have recovered, this has in turn created an increase in consumer price inflation (see graph below) due to Pandemic related shortages as pared back businesses have struggled to meet an increased demand in consumer goods and materials. Therefore, this imbalance of strong demand and globally disrupted supply has led to rising prices and higher transportation costs.<sup>2</sup>

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<sup>2</sup> House of Commons Library briefing [‘Rising cost of living in the UK’](#), 17 August 2022, page 13.

**Graph 1: International comparison of inflation levels<sup>3</sup>**



- 2.3 The rising prices as a result of the Pandemic have now been significantly compounded by the Russian invasion of Ukraine, which economic forecasters anticipate will cause consumer price inflation to be higher for much longer<sup>4</sup>, due to Russia being a major exporter of gas and oil globally and both Russia and Ukraine's significant role in the global food market. The Governor of the Bank of England has highlighted that the war in Ukraine is "the largest contributor to UK inflation by some way."<sup>5</sup>
- 2.4 The recent rise in energy, fuel and food prices are the most noticeable areas of expenditure for households, and rising energy and food prices have been the largest contributors to the change in inflation, fuelling the current cost-of-living crisis:
- **Energy<sup>6</sup>:** The rise in energy prices is a key contributor to the exponential rise in inflation. Prices for oil and gas were already volatile during the height of Pandemic due to dramatic changes in demand and the need to manage supply and pricing accordingly. According to the House of Commons Library, domestic gas prices increased by 96% and domestic electricity prices by 54% in the twelve months to July 2022. To respond to the rising wholesale gas and electricity prices, the energy regulator Ofgem is increasing the price cap that sets maximum prices for energy units and standing charges. It is also increasing the frequency of changing the price cap from every six months to quarterly in order to better address the market's current volatility. This capping, even though increasing, does not cover everyone: prior to the Government's intervention on 21 September detailed in Appendix 1, businesses' energy prices were not capped, and as

<sup>3</sup> Financial Times [Global Inflation Tracker](#)

<sup>4</sup> House of Commons Library briefing, *ibid*, page 12.

<sup>5</sup> Bank of England [Press Conference](#), 4 August 2022

<sup>6</sup> House of Commons Library briefing, *ibid*, page 16-19

things stand will not be after six months, which means higher costs may be passed onto the consumer. Heating oil prices are not capped either, which will affect approximately 1.6m households in the UK. Furthermore, the cap varies depending on method of bill payment: direct debit attracts a lower cap, whereas customers on pre-payment schemes – approximately 4.5 million customers and often those more vulnerable - have a higher cap. These saw a 54% increase in April 2022 (to £1,971 and £2,017 respectively<sup>7</sup>). As announced by Ofgem on 26 August<sup>8</sup>, the cap without the Government intervention announced on 08 September detailed in Appendix 1, would have further increased in October 2022 to £3,549 for those paying for dual fuel by direct debit; that is an 80% increase on April's cap, and a 177% increase on the cap of £1,277 before that. However, as a result of the Government's intervention, from 01 October 2022 until 2024, a typical household will pay no more than £2,500 per year.

- **Food<sup>9</sup>:** Food and drink prices (excluding the hospitality sector) have been rising since the second half of 2021 due to factors such as supply chain challenges, the rising costs of energy and transportation, and labour shortages. The Russian invasion of Ukraine significantly compounds this: both countries are major exporters of staples such as wheat. Ukraine's farming and harvesting have been profoundly disrupted by the conflict, as have its ports which are major transportation hubs for commodities. Fertilisers have also seen a price surge as Russia, a major producer, has restricted its exports. All of this has a direct impact on food prices for the UK, and the House of Commons Library cites forecasts by research company Kantar that the average household grocery bill will increase annually by £380; an extra £32 a month.

2.5 Economic forecasts predict that the rising cost of living for households will worsen. The Governor of the Bank of England (BoE) has commented that “there are a lot of people out there who are very badly affected by this inflation – all inflation affects people on low incomes badly – but this time particularly because it is concentrated in energy and food.”<sup>10</sup>

2.6 The BoE has also forecast that inflation, as measured by the Consumer Prices Index (CPI), “is expected to rise...from 9.4% in June to just over 13% in” October “and to remain at very elevated levels throughout much of 2023, before falling to the 2% target two years ahead.”<sup>11</sup> This forecast is mainly due to the previously anticipated October 2022 energy price cap increase and may be reduced to some extent by the Government's subsequent intervention on the price cap. However, the rate of CPI inflation may rise above 13% by the end of the year, and several economists have also predicted a rise of between 15% to 18% by early next year. To put this into context, the ONS have already

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<sup>7</sup> Ofgem '[Price cap to increase by £693 from April](#)', 3 February 2022

<sup>8</sup> Ofgem '[Ofgem updates price cap level and tightens up rules on suppliers](#)', 26 August 2022

<sup>9</sup> House of Commons Library briefing, *ibid*, page 22-24, BBC News '[Food bills are set to soar by £380 this year](#)', 21 June 2022

<sup>10</sup> BBC Today programme, 5 August 2022

<sup>11</sup> Bank of England Quarterly Monetary Report *ibid*

reported that CPI inflation has already risen to 10.1% in the 12 months to July 2022.<sup>12</sup>

- 2.7 The high level of inflation has impacts on the overall performance of the economy. The Office for National Statistics (ONS) has reported<sup>13</sup> that the economy contracted by 0.1% in the three months to June, and on 4 August, the Bank of England raised interest rates for the sixth time this year, by 0.5% to 1.75%, in an effort to tackle the rising cost of living.<sup>14</sup> However, as inflation is significantly driven by energy and food prices due to external factors, it is unclear whether interest rate increases will help reduce inflation in the short to medium-term.
- 2.8 The Governor has added that when inflation starts to fall, he expects interest rates to settle below 5%, which was last seen before the 2008 financial crisis, saying, “I don’t think that in the steady state we are going back to where we were before the financial crisis.”<sup>15</sup> The risk of a prolonged economic downturn and interest rates remaining at pre-2008 levels increase the pressure on many households and the risk of long-term social and economic scarring to national and local economies.

### 3. How is this impacting upon people and households?

#### Cost of living:

- 3.1 Households are already feeling the effects of the rise in the cost of living and are having to adapt. The Office for National Statistics (ONS) reports<sup>16</sup> that between March and June 2022, about 9 in 10 adults (89%) continue to report an increase in their living costs – this equates to about 46 million people. This has increased from 62%, or 32 million adults when the ONS first asked the question in November 2021 – significantly more people are being drawn into the crisis. 94% reported an increase in the prices of their food shopping, 82% an increase in gas or electricity bills, and 77% reported an increase in the price of fuel. People are having to make changes to cope with these price increases: while 57% are cutting back on non-essentials, worryingly, 51% are using less gas and electricity at home and 35% are cutting back on food and essentials. In addition to cutting back, just under a quarter of people (23%, approximately 11 million) are using savings to cover costs, and around 6 million people (13%) said they were using more credit than usual.
- 3.2 Disposable income<sup>17</sup> is set to fall by 3.7% over 2022 and 2023 – the biggest fall since records began in 1963. The Resolution Foundation calculates this as an average fall of £2000 for households during this period.<sup>18</sup> For household

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<sup>12</sup> ONS [Consumer Price Inflation UK: July 2022](#), 4 August 2022

<sup>13</sup> [GDP first quarterly estimate, UK - Office for National Statistics \(ons.gov.uk\)](#), 12 August 2022

<sup>14</sup> Bank of England [Monetary Policy Summary](#), 4 August 2022

<sup>15</sup> BBC Today programme, 5 August 2022

<sup>16</sup> ONS [‘What actions are people taking because of the rising cost of living?’](#), 5 August 2022

<sup>17</sup> ONS definition: the amount of money households have available for spending and saving after direct taxes have been accounted for.

<sup>18</sup> House of Commons Library, *ibid* page 39-40, Resolution Foundation [‘Slower for Longer’](#) 4 August 2022



income, the BoE has forecast that “real household post tax income is projected to fall sharply in 2022 and 2023.”<sup>19</sup> This is on top of the fall in real-terms growth in total pay and regular pay in the year from April to June 2022 that the ONS has reported, at 2.5% and 3.0% respectively.<sup>20</sup> This is the fastest fall in regular pay for 20 years. Coupled with this, the unemployment rate is forecast to rise from 3.5% to 5.5% by 2024.

- 3.3 For more vulnerable groups, the picture looks worse. ONS reported<sup>21</sup> that disabled people were more likely reduce their spending on food and essentials due to increased costs than non-disabled people (42% compared to 31%). People aged between 55 and 74 years were more likely to be cutting their gas and electricity use (just under 60%), which, considering this was reported in warmer months, does not bode well for the winter. People renting who experienced rising costs were more likely to reduce their spending on food and essentials (46%) than those with a mortgage (33%). People living in the most deprived areas were more likely have cut back on spending on food and essentials (42%) than the average (35%), while more likely to be using credit more than usual:18% in most deprived areas compared with the average of 13%, and 8% in the least deprived areas.

### **Energy inflation impact:**

- 3.4 Low-income households<sup>22</sup> are disproportionately affected by the cost-of-living increases as they spend a larger proportion of their income on food and energy than average income households, thereby facing higher inflation. The Resolution Foundation estimated that a low-income household faces paying an additional £418 on their direct debit gas and electricity bills for the period of January to March 2023, compared to what was forecast for them back in May 2022. They are also more susceptible to ‘fuel stress’ whereby more than a tenth of household income is spent on energy, and the Resolution Foundation reports that an increasing number of households are facing this predicament. Arrears on energy bills are more widespread than seven months ago. Some 2 million low-income families (17%) are in arrears with energy bills, an increase of more than a quarter.<sup>23</sup>
- 3.5 Research has identified energy crisis hotspots across England and Wales local authorities.<sup>24</sup> Energy crisis hotspots are neighbourhoods (LSOAs<sup>25</sup>) where energy use is high and typical household income is below the national average. In many cases, energy use is high in these neighbourhoods because homes are poorly insulated, meaning they require more energy to remain warm. Swale and Thanet have the highest number and proportion of

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<sup>19</sup> Bank of England [Monetary Policy Summary and minutes of the Monetary Policy Committee on 3 August 2022](#)

<sup>20</sup> ONS [Average weekly earnings in Great Britain: August 2022](#), 16 August 2022

<sup>21</sup> ONS ‘What actions...’ *ibid*

<sup>22</sup> House of Commons Library, *ibid* page 40-43, Resolution Foundation ‘[Cutting back to keep warm](#)’, 15 August 2022

<sup>23</sup> Joseph Rowntree Foundation ‘[Cutting back to keep warm](#)’, 15 August 2022

<sup>24</sup> Friends of the Earth, published by the End Fuel Poverty Coalition

<sup>25</sup> Local-layer Super Output Areas: “small areas designed to be of a similar population size, with an average of approximately 1,500 residents or 650 households” MHCLG [The English Indices of Multiple Deprivation 2019](#), September 2019



neighbourhoods identified as energy crisis hotspots in the county, ranking 44th and 52nd out of 331 local authorities in England and Wales. The average annual energy bills in these hotspot areas are £2,226 (rising to £3,244 in October 2022) and £2,132 (rising to £3,105) respectively.

### **Universal Credit:**

- 3.6 The number of Universal Credit claimants in Kent peaked in March 2021 when 132,131 people were claiming (13.8% of 16–64-year-olds). Since then, the number of claimants has fallen slightly; however, the latest data (May 2022 to June 2022) shows that the number of claimants has increased slightly. This is true in all Kent districts except Dover and Folkestone & Hythe. All districts have seen an increase in claimants who were in work, while in all districts except Gravesham and Sevenoaks claimants who were not in work fell.

### **Pay:**

- 3.7 Pay has fallen further behind the rising cost of living, according to the latest official data. While average wages rose 4.7% between April and June, that was outpaced by inflation - or price rises - which is growing at a much faster pace. As a result, the "real value" of pay fell by 3%, according to the Office for National Statistics. Arrears have increased and families have been pushed to take on more borrowing. At the end of May and early June 2022, 4.6 million low-income households (40%) were in arrears in at least one type of bill or had fallen behind on their borrowing repayments. This is an increase of a fifth (21%) since the October 2021 survey.<sup>26</sup>

### **Food Banks:**

- 3.8 Independent food banks are struggling to cope with increases in demand for their services. 93% of organisations reported an increase or significant increase in the need for their services since the start of 2022. More than 80% of organisations reported that they have struggled with food supply issues over the last four months. 78% of these organisations saw a drop in food and/or financial donations and half of these organisations have needed to dip into their financial reserves to pay for food or vouchers. 95% of organisations reporting increases say that the cost-of-living crisis is the reason behind this.<sup>27</sup>

### **Kent Support and Assistance Service (KSAS):**

- 3.9 Prior to Covid-19 and the cost-of-living crisis, KSAS on average received a little over 7000 applications a year, with the service receiving 7112 applications in 2018/19, averaging 136.8 applications a week. Due to the financial pressures that have impacted communities since 2019, service demand has increased exponentially. KSAS received 28,728 applications during 2021/22, averaging 552.5 applications a week, this is an increase in

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<sup>26</sup> Joseph Rowntree Foundation – survey of 4,000 low income households

<sup>27</sup> IFAN independent food bank survey

service demand of over 300% (303.9%). This financial year, KSAS demand has been similar of that in 2021/22. With seasonal pressures and a further and significant uplift in the energy price cap in October, the service is expecting similar applications volumes as to those seen in last financial year. KSAS has administered a voucher scheme funded by the Household Support Fund Extension which saw unprecedented demand with over 4,000 applications received in one week. This further highlights the increasing financial pressures on residents.

## **Public Health:**

3.10 The Health Foundation<sup>28</sup> has highlighted that living in poverty is likely to lead to poorer health outcomes including:

- Increase in mortality rates - including excess deaths due to living in cold houses through hypothermia and infection, potential increase in suicide linked to depression and anxiety, heart attacks and strokes linked to experiencing long term anxiety and stress.
- Children experiencing food insecurity are more likely to suffer from anxiety and stress, and hunger in childhood has been linked to depression and suicidal episodes in teenagers. Hunger is also linked to increased levels of chronic illnesses such as asthma and impacts on years lived in good health.
- Mental health needs associated with money worries - feelings of low self-esteem, insecurity, anger, despair, anxiety and depression
- Burden of disease - the 'food poor' are at higher risk of developing chronic diseases such as hypertension, diabetes and cardiovascular disease. The risk of developing hypertension, cancer and heart disease is also linked to long periods of low-level stress. Cold, damp and mouldy homes pose increased risks of respiratory infections and the onset or worsening of asthma
- Unhealthy lifestyle choices leading to increased risk of disease. Taking care of your own health is not a priority for the financially insecure. The conditions surrounding insecurity of income are linked to an increase in drug and alcohol consumption, smoking, lack of exercise and unhealthy eating.

## **4. Existing Support and the Current Response**

### **Government Support**

4.1. To date, the Government has provided a number of financial support interventions for households and individuals to help mitigate the effects of the cost-of-living crisis. These include<sup>29</sup>:

- a £400 payment per household which will be taken off their energy bills

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<sup>28</sup> The Health Foundation, [Poverty and Health](#), January 2018, '[Living in poverty was bad for your health long before COVID-19](#)', July 2020

<sup>29</sup> House of Commons Library briefing, *ibid*, pages 25-29.

- a £650 payment of two instalments in July and autumn 2022 for those on means-tested benefits (about 8 million people)
  - an additional £300 payment for approximately 8 million pensioners who receive the Winter Fuel Payment
  - an additional £150 payment for approximately 6 million people receiving disability benefits.
  - A council tax rebate of £150 for households in Bands A to D.
- 4.2. This amounts to a maximum of £1650 for an individual receiving the Winter Fuel Payment, disability benefits and the council tax rebate.
- 4.3. Throughout the pandemic, via various Grant funding streams, the Government provided local authorities with the means to provide additional support to vulnerable residents. On 23 March 2022, an extension to the Household Support Fund was announced. The allocation to Kent (received by KCC) in this tranche was £11.06m to be used by the end of September 2022. It is being utilised as follows:
- £4.74m devolved to Kent's 12 District Councils of which £3.60m ringfenced for pension age residents for energy bills, the remainder for local schemes targeted according to area need
  - £3.55m for Free School Meals over May half-term and £50 flat rate over summer holidays, building on the work that KCC has undertaken in this area since October 2020
  - £1.55m to be used by the Kent Support and Assistance Service and other services to distribute help to families in financial hardship
  - £1.22m for countywide initiatives to support households with energy and water
- 4.4. A key difference with this tranche in contrast to previous allocations is that the Department for Work and Pensions (DWP) specifically stipulated that a third must be spent on pension age residents.
- 4.5. As part of this support, KCC launched a voucher scheme with the Kent Support and Assistance Team (KSAS) to allow residents in need who met the eligibility criteria to apply for support. The scheme opened on the 29 July and within one week the scheme had unprecedented demand, receiving over 4,000 applications. The volume of applications received utilised the funding available and therefore the voucher scheme was forced to close.
- 4.6. In addition, KCC is running a referral scheme where professional partners can refer residents who meet the eligibility criteria for a fuel voucher. As with other voucher schemes, the scheme will remain open until the end of September, or until funding has been used.
- 4.7. The Government has announced that there will be a third Household Support Fund; however, details of this scheme have not yet been confirmed by the Government at the time of publication of this report. Initial DWP briefings suggest it is likely that the third round of funding will not require allocated amounts of spend to be used on families, or pension age residents. Assuming that when announced, the funding will have similar guidelines to previous rounds, it is suggested that support offered by KCC will continue in a similar pattern to previously. This could therefore include some support for families

eligible for free school meals, some funding issued to District and Borough Councils, some funding provided to an application form with KSAS, and some funding held for dedicated support with water and energy bills. Early discussions with partners also indicates support for warm hubs which will be considered as part of this fund where appropriate.

## **Kent County Council Support**

### **KCC Financial Hardship programme**

- 4.8. In February 2021, Kent County Council announced a local discretionary scheme designed to offer support directly to those Kent residents and businesses most impacted by the pandemic. The Helping Hands scheme would set aside £10m of the emergency Covid- 19 monies to underpin a raft of projects and workstreams that would support those in immediate need. In addition to this, the programme has been designed to provide a sustainable legacy and increase community resilience for the future when large one-off grants are no longer available.
- 4.9. The four categories of spend are as follows:
- £4m to support low-income households and households in financial distress, including through council services such as the Kent Support and Assistance Service, district and borough councils, voluntary and community sector organisations, such as Kent Community Foundation and utility companies such as South East Water.
  - £3m to provide a range of support for businesses and the self-employed not in receipt of government funding, including through council services, district and borough councils, voluntary and community sector organisations, and business support organisations such as the Chamber of Commerce. This delivers support to businesses through funding projects which target delivery of growth, innovation and/or employment. Further information on this workstream will be provided in a report to Growth, Economic Development and Communities Cabinet Committee which will take into account any additional support announced by the government for businesses.
  - £2.5m to tackle digital poverty, working with schools and colleges, district and borough councils and voluntary and community sector organisations.
  - £500k to match-fund crowdfunded community projects and initiatives that support local communities in responding to and recovering from the impact of the pandemic.
- 4.10. £4m was allocated to support low-income households and those in financial distress. This includes providing support to families and individuals in food and fuel poverty and with other essentials through the Council's Kent Support and Assistance Service, district and borough councils, voluntary and community sector organisations, such as Kent Community Foundation and utility companies such as South East Water. The funding is and will also be used to provide financial advice and support to address debt and financial hardship and capability issues. Part of the funding is allocated to enhance existing services, including mental health, suicide prevention, domestic abuse, drug and alcohol misuse services, and support for both young and old experiencing

social isolation, all of which have seen significant increases in need due to the impact of the pandemic. A number of projects will be delivered over Winter 2022/23 to support residents in Financial Hardship which are outlined below:

- **Debt Advice** – the debt advice work is intending to provide financial advice and support to people in hardship and provide a financial plan to support them and improve their financial resilience. A key part of this has been supporting a Money and Mental Health project that since April 2022 has helped 265 clients. The service has helped with a number of different issues such as debt, benefits and housing. This has resulted in an income gain of just under £200k for clients as well as more than £34k of debt written off or rescheduled.
- **Underwritten Loans Scheme** – the underwritten loans scheme is a partnership project with Citizen’s Advice Bureau and Kent Savers. The project will provide no interest loans to residents in high interest debt. Applicants would need to undertake financial resilience training to improve their financial resilience, which will provide long term benefits to the residents. The scheme anticipates supporting over 200 people over the coming Winter.
- **Support for those who are new to financial hardship** – one of the areas of focus for the residential workstream is to support people who are new to financial hardship as a result initially of the pandemic, and now as a result of the cost-of-living crisis.

4.11. The Financial Hardship Programme includes the Helping Hands Scheme which expands on this work to utilise funding from other sources. As a result of this, three additional workstreams are included in the Financial Hardship Programme which also support tackling the cost-of-living crisis:

- **Data Sharing:** Across local authorities, at both County and District level, we cannot effectively identify individuals at risk of crisis. As such there is a strategic need to develop a solution which allows frontline teams greater visibility of individual vulnerability, both financially and socially to enable a proactive response in providing support. The Data Sharing Workstream has been testing two systems which specialise in extracting, combining, and representing data in a more useful way: Policy in Practice and Xantura. These systems are being implemented across Kent, in partnership with District level authorities.
- **Referrals:** This workstream promotes referring residents directly for support with other organisations, above simply signposting residents with contact information. By referring an individual to a support service, the ownership of contact is placed on the referring agency, and ensures the individual is not left to initiate contact at a time of crisis or hardship. KCC has launched a secure referral system called ReferKent across the county for organisations to refer individuals for financial advice and wider holistic support. The system will also provide the ability to track referrals and generate reports on aggregated data relating to the referrals made - meaning more targeted services can be developed. The ReferKent system launched a pilot on the 25 July 2022 and has so far recruited 14 organisations, with 17 organisations signed up to join the system. There have been 66 referrals over the first 6 weeks, and as the system is more

widely adopted, it is anticipated that this number will substantially increase. The system, alongside other referrals projects, aims to become systemic in the Kent community, allowing both residents and organisations to better connect and understand the support on offer. This will be especially crucial over the Winter as more people require support.

- **Free School Meals and Healthy Start:** This workstream aims to increase uptake of Free School Meals (FSM) and Healthy Start (HS) by automatically notifying and/or registering eligible families. This will ensure children who are entitled to healthy food receive it and schools access an additional £2.25m to close the attainment gap, as well as families receive an additional £1.4m support to buy food.

### **KCC's community services**

- 4.12. A number of services within KCC are either providing support where they can, or plan to in the months ahead:
- 4.13. **Kent's libraries** provide open and warm spaces that offer a range of free services including books, activities, ICT, WiFi, e-books/e-magazines/e-newspapers, and they are planning a promotional push because not everyone is aware of this offer. Wood Avenue Library in Folkestone is also hosting a [Community Fridge](#) scheme with partner organisations to provide free food supplies for the community, and Libraries, Registration & Archives (LRA) are looking to roll this out more widely. Dartford library hosts 'Green Doctor' sessions where experts come in to advise about energy grants, how to save energy and can also help refer to food banks. LRA can also offer spaces so that KCC services and partners wanting to reach people with advice or drop-in surgeries can host these in our libraries.
- 4.14. **The Gypsy and Traveller Service** will be carrying out a 'winter preparedness' campaign for all residents on its sites and will begin this in October by highlighting risks and signposting to support and advice. The service will also look to refer some of their more vulnerable residents to the Household Support Fund which could see them receive a £150 energy voucher.
- 4.15. **Public Protection** is currently seeing a steady increase in scams aiming to exploit the cost-of-living crisis. The service is already seeing sophisticated scams targeting heating cost reduction, council/government financial support grants, fake employment opportunities, and cheap food – financially devastating to those who are caught out. It is anticipated that this will follow the pattern of Covid whereby scams escalated and became more sophisticated over time. The service is also expecting to see increases in unsafe/cheaper counterfeit goods, including food, and in the run up to Christmas an increase in cheap, unsafe and counterfeit goods aimed at children.
- 4.16. The Public Protection group will be monitoring and coordinating tactical campaigns with partners, and Trading Standards, Kent Scientific Services and Community Wardens will continue to share intelligence, take direct action, and warn and inform the public using our digital and social media channels. Public Protection's digital and social media channels protected vast numbers of

residents and businesses against the wave of scams during the Pandemic, and will have a critical role in doing so again during the cost-of-living crisis – they have an enormous digital reach (3.4 million in July 2022) and will continue to warn the public about scams and other deceptive practices aimed at those most vulnerable during this crisis.

- 4.17. **The Kent Community Warden Service** provides an essential lifeline for many of our residents. Its support includes knowledge of benefits available to help residents access support, can identify residents in hardship who would be eligible for council tax reductions and make the request on their behalf, identify, engage with and support homeless individuals into accommodation, and work with District Council community hubs to help link eligible residents into Districts' hardship funds or to energy/fuel poverty advisers. Acting as a frontline, Community Wardens use local knowledge and intelligence from Trading Standards to check the legitimacy of traders, guard residents against fuel payment scams, and reinforce messages against illegal money lenders.
- 4.18. Community Wardens have knowledge of local resources such as food banks; for example, on the Isle of Sheppey, Wardens are engaged with four food banks that they regularly refer people to, and also support the Sheppey Support Bus which is a hub for people experiencing food poverty. The Wardens are also supporting locally emerging 'Heat Hubs' within community settings, which during the daytime welcome those who are struggling to heat their homes. Venues include nominated churches and libraries (such as Paddock Wood) and in some areas are run in partnership, such as the [scheme starting in September](#) with Age Concern Sandwich.
- 4.19. It is anticipated that the Community Wardens will spend a greater proportion of time engaging with and attempting to address the various needs of a growing cohort of vulnerable residents (beyond older people and homeless people) who will be increasingly affected by the cost-of-living crisis, especially those having to cut their expenditure on fuel and food, or experiencing heightened social isolation (for example, caused by reduced financial means) and deteriorating mental health. Community Wardens will support the re-instigation of any 'good neighbour' and community-based volunteer schemes (evident during the height of the Pandemic) to alleviate this.

#### **Social Care Services:**

- 4.20. Alongside our community services, KCC's social care services (adults and children's) will be working with vulnerable families many of whom will be at heightened risk of struggling with the cost-of-living crisis. It will be important that our social care and wider workforce who engage with service users and families directly are aware of the wider support and referral pathways that will be open to vulnerable residents so they can signpost them to the relevant agencies and support services.

## **5. Next Steps**

- 5.1. As noted earlier, it is important to remember that the primary responsibility and means for addressing the inflationary cost-of-living crisis sits with the



Government, and the incoming Prime Minister and new Cabinet have already begun setting out additional proposals to deal with the cost-of-living crisis.

## Lobbying

- 5.2. In addition to the already announced interventions on energy price caps for households and businesses, should the new Government determine that additional targeted support to vulnerable individuals, households and communities is to be delivered through targeted grants via local authorities (as opposed to direct payment, price controls or the tax system) then KCC will of course stand ready to support the Government in meeting its objectives.
- 5.3. However, the clear lesson from the pandemic response is that any future funding from the Government should replicate the successes of the Covid Emergency Grant. This fund was unringfenced and allowed local authorities to put in place innovative solutions with long-term benefits that truly supported residents with wrap-around support. We would urge the Government that any grant support to local authorities has clear objectives but limited restrictions which gives KCC and its partners the ability to flexibly meet local need as it materialises, rather than against central Government planning assumptions.
- 5.4. Moreover, unlike the pandemic, which allowed the Council to bring a large proportion of its workforce to directly supporting the Response phase of Covid-19, the cost-of-living crisis is different in that local authorities must still deliver all of our services as business-as-usual, with the expectation that the crisis will also increase short, medium and long-term demand pressures on services which are already overheating. Therefore, the Government should recognise that to administer and deliver additional targeted grant schemes will require some element of capacity funding. If it is determined by Kent Leaders that it is necessary to stand back up District level Community Hubs as an effective means of intervention and support at a local level (see section below), this will also require additional capacity funding.
- 5.5. It will be for the Government to determine the policy objectives for any grant schemes delivered by local councils in meeting the cost-of-living crisis. However, we would strongly urge the Government to consider the immediate and direct benefit of providing grants schemes targeted at vulnerable households to improve thermal insulation. Almost half of the poorest fifth of households live in uninsulated homes, and it has been calculated that come January 2023, households in energy inefficient homes face paying an additional £231 a month than those in an EPC 'C' rated home.<sup>30</sup> Previous discounted insulation schemes have now ended, but this could provide direct

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<sup>30</sup> House of Commons Library, *ibid* page 40-43, Resolution Foundation '[Cutting back to keep warm](#)', 15 August 2022

and immediate benefit to vulnerable people whilst also supporting the council to meet our Environmental Step Change objectives.<sup>31</sup>

### **KCC commitment to providing ongoing support**

- 5.6. KCC is committed to continuing the support that it currently provides to vulnerable residents in need of financial support, insofar as the resources required do not impact on our ability to manage a balanced budget.
- 5.7. KSAS continues to work with residents who have experienced an unforeseen, short-term crisis or who are facing an emergency.
- 5.8. Support for residents with their energy bills continues to be provided through the Household Support Fund. KCC is currently delivering with partners the second round of this funding, and there are indications from the government that there will be an additional round of support for household bills from October 2022 to March 2023.
- 5.9. The Financial Hardship Programme will continue to build awareness in Kent's communities about current support available. This will be done through the development and expansion of the ReferKent network as well as working closely with the Voluntary, Community and Social sector (VCS) to share knowledge of support between organisations. KCC will continue to support local initiatives put forward by communities which help residents in hardship, for example warm hubs, where evidence supports this activity as being beneficial. By supporting different initiatives that have been identified locally, we will ensure that support given is tailored to the needs of the local area.
- 5.10. A key success of the Financial Hardship Programme has been the ability to remove barriers to data sharing and ensure that information is shared safely and securely to better support residents. The Programme will look to grow on this success, and use the processes put in place to help residents to access benefits that they are entitled to. Improving the take up of Free School Meals, Healthy Start, as well as other key benefits will help residents to maximise their income. Work is currently being undertaken to determine if it is possible to extend the timeframe of the programme, or specific aspects of the Programme, beyond March 2023.

### **Strengthening the short and long-term partner response**

- 5.11. It is almost certain that the cost-of-living crisis will drive an economic downturn, potentially a lengthy recession, which risks leaving some element of social and economic scarring which will have a negative impact on Kent residents and communities. Alongside any direct intervention from government, we need to ensure that our short-term response across statutory and voluntary partners is joined up, but also that we coordinate our future

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<sup>31</sup> KCC's Council Strategy 2022-26 [Framing Kent's Future](#).

partnership work to provide leadership and co-ordination from a system wide perspective and ensure any scarring effect is minimised.

## **Kent Districts**

- 5.12. In the immediate term we have a model template for joint working through the arrangements that were established to support Kent Council Leaders and Joint Kent Chief Executives through the Covid pandemic. An emergency meeting of Kent Council Leaders was convened on the 15 September.
- 5.13. At this meeting, Leaders agreed to expand the scope of the existing Financial Hardship Task & Finish Group to assess the data and intelligence on how the cost-of-living crisis is impacting Kent as it emerges and changes over time, provide a vehicle for strong political leadership and oversight to ensure strong coordination of our collective response to the crisis, and work together to determine the best way of devolving help and support to the local communities that need it most. Leaders agreed that it would also provide a single point of contact for Government and support Kent in providing clear messaging back to Government on issues as they emerge and the impact of any interventions. Membership of this group will include representatives from KCC, District and Borough Councils, Health, VCS, Parish and Town Councils, Police and Fire, and other statutory partners.
- 5.14. From the start of the pandemic a different approach was taken to the majority of County Councils across the country, with Kent County Council devolving a large amount of funding District Councils to support the establishment and operation of a range of crucial community-based initiatives including the Community Hubs, recognising the unique and crucial role District Councils play in their community, their knowledge of key local ground-level organisations and groups, and access to local facilities and staff which could be redeployed at short notice. The Community Hubs supported local people with food, emergency supplies and help whilst isolating (particularly Kent's Clinically Extremely Vulnerable community), help at community centres and youth hubs, ground-level VCS organisations delivering direct to vulnerable people including befriending services, debt advice and support for victims of domestic abuse. At the emergency 15 September meeting, Kent Council Leaders also considered the appropriateness of standing back up Community Hubs at a District level. This will be further informed by the work of the reconstituted Financial Hardship Task & Finish Group.

## **Integrated Care System (ICS)**

- 5.15. Traditionally, the NHS has been very focussed on meeting the immediate health needs or implications from any social or economic issues. However, the creation of the statutory Integrated Care Partnership for Kent and Medway, to which the upper tier local authorities in Kent are statutory members, will see them playing a wider role across the Kent and Medway as a system. One of the purposes of creating the ICS is to support addressing the broader social and economic pressures which impact on the health and wellbeing of people who live and work in the area.

- 5.16. As the Integrated Care Partnership develops further, it will be a natural vehicle through which Kent and Medway partners can work together to jointly address the medium to longer term impact that the cost-of-living crisis associated economic downturn will have. The ICS is required to develop an interim Integrated Care Strategy by December 2022 which will be influenced by Director of Public Health (DPH) professional advice and a refresh of the Joint Strategic Needs Assessment. The needs assessment will highlight how deprivation impacts on health inequalities and how the system can focus on preventative measures to mitigate the effects. This will undoubtedly pick up the latest impact on health inequalities caused by the cost-of-living crisis.
- 5.17. The ICS has requested a paper about cost of living at their October meeting to consider a collective response which will reference this paper. One of the issues that the Leader will be asking the Integrated Care Partnership Board to consider is whether there are additional monies within the system, however limited, that could be repurposed and reprioritised downstream to support direct intervention in the most vulnerable communities before that presents as demand for NHS services.

### **Voluntary, Community and Social Sector (VCS)**

- 5.18. Moreover, a considerable risk the ICS will need to consider is the risk that demand for preventative activity including social prescribing, which is a fundamental aim of NHS long-term plan to reduce demand on acute services, will increase significantly during the cost-of-living crisis, which in turn will place additional pressure on services provided by the VCS sector in Kent. It will be necessary to ensure that there is effective engagement and coordination of impact of the cost-of-living crisis on VCS both as a sector, and on the services they provide. The Kent VCS Strategic Partnership Board that was established following the Pandemic will play a vital role in assessing this impact and flagging key issues to statutory partners and Government. The ICS, KCC and District Councils are all represented on the VCS Strategic Partnership Board.
- 5.19. As a Council, we have committed to supporting the sector through our infrastructure support commitments in the Civil Society Strategy. This type of support will be vital in helping organisations who are under increasing pressure to look at or access training and support in relation to their organisational strategy, financial planning, budgeting, rebalancing costs and opportunities for collaboration, whilst not underestimating the challenges the sector are facing.

## **6. Recommendations:**

### **Cabinet is asked to:**

- (1) **NOTE and DISCUSS** the impact of the cost-of-living crisis on people and households and the current response to it.

(2) **NOTE** that a separate report on the impacts of the crisis on businesses and enterprises and the support available is scheduled to be presented at a future Growth, Economic Development and Communities Cabinet Committee.

(3) **NOTE** that the Financial Hardship Programme will continue to provide support to people and households over the winter period.

(4) **NOTE** that a third round of the Household Support Fund is expected to be provided by Government and, depending on any restrictions, KCC's intention is to allocate the funding as it has previously between support for families eligible for free school meals, some funding issued to District and Borough Councils, some funding provided through KSAS, and some funding held for dedicated support with water and energy bills.

(5) **AGREE** that KCC will lobby Government to ensure that any cost-of-living grant support to local authorities has clear objectives but limited restrictions to allow KCC and its partners to flexibly meet local need, and that capacity funding is provided to local authorities to administer and deliver any such schemes.

(6) **AGREE** that KCC will lobby Government to consider the immediate and direct benefit of providing grants schemes targeted at vulnerable households to improve thermal insulation.

(7) **NOTE** that an emergency meeting of Kent Council Leaders did go ahead on the 15 September to discuss the cost-of-living crisis and how Kent councils should respond jointly. This included agreement to expand the scope of the Financial Hardship Task & Finish Group.

(8) **NOTE** the potential for the Integrated Care Partnership to be the vehicle through which Kent and Medway partners can work together to jointly address the medium to longer term impact of the cost-of-living crisis, and that the Integrated Care Partnership will discuss a paper about cost of living at their October meeting and consider a collective response.

## **7. Contact details**

### **Relevant Director:**

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