

## **Committee: Cabinet**

**Date: 16 November 2023**

Wards: All

## **Subject: Expansion of Cost of Living Support Fund**

Lead officer: Asad Mushtaq; Executive Director, Finance and Digital

Lead member: Cllr Billy Christie; Cabinet Member for Finance and Corporate Services

Contact officer: Keith Burns; Interim Assistant Director: Customers, Policy and Improvement

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### **Recommendations:**

- A. Note progress in delivering the Merton Council Cost of Living Strategy and Action Plan 2023 – 2025.
  - B. Agree to further expand the Merton Council Cost of Living Fund by allocating a further £1million, to be funded from the Strategic Priorities Fund reserve, in recognition of the ongoing challenges faced by local residents and businesses as a consequence of the cost of living emergency.
  - C. Agree the five broad areas of focus identified in the report against which the additional funds will be allocated.
  - D. Delegate authority to the Cabinet Member for Finance and Corporate Services, in consultation with the Chief Executive and Corporate Management Team, to agree the financial allocations against each of the five broad areas of focus along with a detailed delivery plan.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. The Merton Council Cost of Living Strategy and Action Plan 2023-25 – a cross-council boroughwide approach to supporting residents in Merton – was agreed by Cabinet on 20 March 2023.
- 1.2. In addition, a £2million Cost of Living Support Fund was agreed by Cabinet in September 2022, as well as allocations for the first £1 million. Allocations for the second £1 million were agreed by Cabinet in March 2023.
- 1.3. This report provides an update on delivery against the strategy action plan and the first and second tranche of the Cost-of-Living Support Fund.
- 1.4. In recognition of the ongoing impact on local residents and businesses of the cost of living emergency, agreement is also sought to allocate a further £1million from the Council's Strategic Priorities Fund reserve to the Cost of Living Support Fund, bringing the total value of the Fund to £3million.

## 2 DETAILS

### SUMMARY OF PROGRESS TO DATE

2.1. Highlights from the projects and initiatives set out in the Cost of Living Action Plan and funded through both tranches of the Cost-of-Living Support Fund include the following:

- Over 2,300 residents attended Merton's Cost of Living events held across the borough.
- Through funding to the Community Fridge Network and groups funded through Emergency Assistance Fund, a greater number of residents were able to access food provision. The Community Fridge Network distributed 57,169 kg of food between October 2022 – June 2023.
- In the seven months to the end of July 2023 just under 500 Merton based individuals engaging with Citizens Advice Merton and Lambeth's Merton Cost of Living team and 166 individuals receiving cost of living advice support for over 550 advice issues.
- Through the first quarter of 2023-24 (April 23-June 23) Thinking Works and Warm and Well partners have already distributed 184 fuel vouchers, completed 169 energy efficiency visits, carried out 33 heating checks, 21 residents were supported with small energy measures installed by the handyperson service and there was £101,000 in benefits uptake.
- From May 2023 and for the whole 2023-24 academic year, Merton's Holiday Activities and Food Programme have been extended to half term holidays.
- Through combined funding from the Household Support Fund and Cost of Living Fund, £60 post office vouchers were made available to Council Tax Support claimants in 2022-23.

### CURRENT SITUATION AND RATIONALE FOR EXPANDING THE COST OF LIVING SUPPORT FUND

2.2. The lives of people across the UK continue to be shaped by the sustained increase in the cost of living, with low-income households being disproportionately affected. While some financial help has been provided by Government to low-income households there is no certainty about how long, and at what level, this support will remain in place.

2.3. The Chief Executive of the Trussell Trust, Emma Revie, has said of expected demand this winter: "We don't want to spend every winter saying things are getting worse, but they are." The trust handed out 904,000 food parcels between December 2022 and February 2023, and expects to hand out more than 1m parcels to more than 600,000 people this winter, with the number of children needing help expected to rise from 220,000 last year.

2.4. As of September 2023, the UK inflation rate, as measured by CPI, remained unchanged from August at 6.7%. This is down from a peak in October 2022 of 11.1%. Although the rate of increase has slowed from this peak, the long term impact of the sustained inflationary increases during 2022 and 2023 will continue to be extremely significant for households and businesses in the borough.

2.5. Over the past year, basic food costs have risen by more than 15%, leading debt charity StepChange and foodbank charity the Trussell Trust, to express concern that people are being forced to cut back on their family budgets and are even skipping meals to make ends meet. According to the Joseph Rowntree Foundation, a total of 5.6 million low-income households in the UK owe more than £14bn in unsecured lending like credit cards, overdrafts and personal loans.

2.6. In addition to the ongoing impact of inflation on food and other essentials, homeowners have experienced significant increases in mortgage rates, while those households living in private rented sector accommodation have seen upward pressure on rents. As fixed rate deals come to an end for both residential and buy to let mortgages these increased housing costs will continue to impact on an increasing proportion of households, inevitably leading to higher levels of mortgage and rent arrears.

2.7. It is clear, therefore, that the cost of living emergency shows no signs of abating in the foreseeable future. The longer term impact on households and businesses across the borough is difficult to quantify, but very likely to be significant.

2.8. In order to expand the Council's cost of living support for residents and households, it is proposed, therefore, to allocate a further £1million to the Merton Council Cost of Living Support Fund. It is proposed that this additional funding be focused on five main themes:

- Food support.
- Schemes to support residents at risk of homelessness as a result of rent or mortgage arrears.
- Business Rates Reduction Fund (supporting businesses who commit to becoming London Living Wage accredited).
- Extending the Merton Young Savers scheme for a further year
- Voluntary and Community Sector support fund.

2.9. Officers are in the process of developing detailed delivery plans against each of these five themes, and Cabinet is asked to agree that authority be delegated to the Cabinet Member for Finance and Corporate Services to sign-off these detailed delivery plans along with the agreed financial allocations against each theme.

2.10. Once the detailed delivery plans and financial allocations are signed off they will be published as an addendum to the Merton Council Cost of Living Strategy and Action Plan 2023 – 2025.

### **3 ALTERNATIVE OPTIONS**

3.1. Cabinet could decide not to allocate additional funding to the Merton Council Cost of Living Support Fund, or to allocate a lower amount. However, given the scale of the ongoing impact on households and businesses of the cost of living emergency this is not a recommended option.

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

4.1. In developing detailed delivery plans against the five main themes officers will work with Voluntary and Community Sector organisations and other experts to identify how the impact of the additional funding can be maximised.

## **5 TIMETABLE**

5.1. Subject to Cabinet agreeing the additional £1million funding at its meeting on the 16<sup>th</sup> of November 2023, and the decision not being called in, officers intend having a Food Support scheme ready for implementation by early December 2023. It is also intended that a full delivery plan covering the five main themes will be completed and published by the 31<sup>st</sup> of January 2024.

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

6.1. The £1m additional budget for the Cost of Living Fund will be funded from the Strategic Priorities Fund reserve. Any unspent allocation by the end of the current financial year will be rolled forward and made available for use in 2024/25.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

7.1. Under the Financial Regulations in Part 4F of the Council's Constitution, the Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

7.2. As to recommendation D, Section 9E of the Local Government Act 2000 permits the delegation requested.

7.3. Therefore, Cabinet is authorised to agree the recommendations in the report.

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

8.1. The support provided via the Merton Council Cost of Living Support Fund is mainly targeted on low-income households, which is likely to have a positive impact in terms of equalities.

## **9 CRIME AND DISORDER IMPLICATIONS**

9.1. None specific to this report

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

10.1. None specific to this report.

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

- None

## **12 BACKGROUND PAPERS**

12.1. None

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