

ABERDEEN CITY COUNCIL

COMMITTEE	Operational Delivery
DATE	31 August 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Cost of Living
REPORT NUMBER	CUS/22/151
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Derek McGowan
REPORT AUTHOR	Paul Tytler
TERMS OF REFERENCE	1.1.1

1. PURPOSE OF REPORT

- 1.1 On 13th July 2022, the Council resolved to approve that the £1,000,000 Fuel Poverty Fund be considered in the wider Cost of Living Support report due to be heard at the Operational Delivery Committee on 31 August 2022.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Agree the following recommendations:
- a) allocate £430,000 to Community Food Initiatives North East for investment in food procurement, development of food pantries (300 memberships, weekly food shops, management and admin); and Support, Advice, Finance and Education team support;
 - b) allocate £300,000 to the Scottish Welfare Fund provision to reinstate medium priority applications to the end of March 2023;
 - c) allocate £100,000 to SCARF to assist in alleviating fuel poverty through distribution of fuel vouchers and trialling a 'cash first' approach;
 - d) allocate £100,000 to ABZ works to support 100 lone parent families through existing employability programmes;
 - e) allocate £45,000 to the provision of insulation measures for 500 homes, and
 - f) allocate £25,000 to establish a Family Wellbeing Fund, to support families through the provision of advice and to develop a support plan.
- 2.2 Instruct the Chief Officer – Early Intervention and Community Empowerment to make arrangements to distribute the funds as required, and

- 2.3 Instruct the Chief Officer – Early Intervention and Community Empowerment to report to a future Committee on the outcomes achieved by the allocation of funds.

3. CURRENT SITUATION

- 3.1 At the Council meeting held on 7 March 2022 the Chief Officers - Early Intervention and Community Empowerment and Customer Experience were instructed to prepare the details of a scheme to allocate £1,000,000 for an Aberdeen Fuel Poverty Fund to help the most vulnerable in our community with energy costs.
- 3.2 At the Council meeting on 13th July 2022, the Council resolved to approve that the £1m Fuel Poverty Fund be considered in this wider Cost of Living paper, which sets out the current situation and recommendations for decision by the Committee.
- 3.3 The Local Outcome Improvement Plan 2016-2026 sets out a vision for Aberdeen as a place where all people can prosper. There are a number of the stretch outcomes within the plan directly impacted by cost of living pressures:

Stretch outcome 1 No one will suffer due to poverty by 2026

Stretch outcome 5 90% of Children and young people will report that their experiences of mental health and wellbeing have been listened to by 2026.

Stretch outcome 6 As corporate parents we will ensure 95% of care experienced children and young people will have the same levels of attainment in education, health and emotional wellbeing, and positive destinations as their peers by 2026

Stretch outcome 7 95% of children living in our priority neighbourhoods will sustain a positive destination upon leaving school by 2026

Stretch outcome 11 Healthy life expectancy (time lived in good health) is five years longer by 2026

- 3.4 In addition to these stretch outcomes, there are other outcomes where improvement projects will impact on the cost of living. While there is rightly focus on the short term impact of increasing energy and food costs, it is also important to focus on the long term public health impacts of the current cost of living increases.
- 3.5 The public health impacts of the cost of living on these stretch outcomes was examined by Public Health Wales in conjunction with the World Health Organisation, demonstrating the public health impact of cost of living drivers, and how the effects can be seen across a number of areas as follows:

Cost of Living Issue	Health Impacts
Fuel, transport costs	Social isolation, delayed diagnoses
Housing affordability	Infectious diseases Violence and abuse
Food insecurity	Obesity or undernutrition Less energy for work and school
Debt, disposable income	Anxiety and stress Reduced wellbeing activities
Energy use	Anxiety and stress Disease vulnerability

While these impacts are felt at an individual level, they lead to systemic impacts felt across whole and targeted population levels, and over longer time frames:

- Increased health inequality
- Increased health service demand
- Worse health service provision
- Reduced stability of communities
- Intergenerational/cyclical impacts

These long term impacts relate to educational attainment, employment, physical and mental health; with households being pushed further in to poverty, back in to poverty, or in to poverty for the first time.

3.5 On the 11th August 2022 the First Minister chaired a meeting of the Scottish Government Resilience Committee to discuss urgent steps required to mitigate the cost of living emergency. Measures discussed include:

- maximising direct financial assistance;
- an emergency budget review;
- measures to limit cost increases;
- working with partners to strengthen the safety net of emergency food/fuel provision;
- prioritising a 'cash first' approach, and
- providing further advice to households on using energy more efficiently and reducing consumption.

With the ongoing commitment for all Primary school pupils in Scotland to have access to free school meals, we have been generously donated funds from Aberlour Child Care Trust to help clear historical school meal debt owed to the Council. In addition, with the provision of service level support on a daily basis to people across the city including care experienced young people, students and pensioners, and the range of grants provided to community organisations by the Council annually, it is important that the recommendations made in this

report are seen in this wider context of poverty mitigation. This report responds to these concerns, presenting a range of recommendations that can be implemented locally to provide longer term, sustainable benefit to households in conjunction with the UK and Scottish Government mitigating measures outlined in Appendix 1.

Mitigating the effects of poverty – Financial support

- 3.7 From 1st August 2022, in Aberdeen the Scottish Welfare Fund (SWF) is supporting high priority applications only, to manage the current budget allocation of £1.063m (£1.366m in 2021/22) across the remainder of the year. This is a change from having supported medium and high priority applications throughout 2021/22 and the early part of the current financial year.
- 3.7.1 SWF provides support through Crisis Grants and Community Care Grants. The impact of supporting high priority applications only will have limited impact on Crisis Grant applications, where people are assessed as being in crisis or not, so are likely to continue to be supported.
- 3.7.2 The change will impact Community Care Grants where under High Priority a limited range of items can be provided – white goods, bed, a sofa/chair and flooring/curtains for the main rooms (living/bedroom) only. Medium priority applications would cover the same items, but can also include flooring/curtains for an entire property and additional items such as wardrobes, chest of drawers, tables and chairs etc.
- 3.7.3 The SWF team are seeing applications from people who are struggling with the cost-of-living crisis and anticipate this will increase to Autumn and beyond.
- 3.7.4 While people in immediate crisis will continue to be supported through SWF, reinstating support for medium priority applications will help ensure people can have a reasonable standard of accommodation, contributing to the LOIP outcome that no one will suffer due to poverty by 2026, as well as contributing to the stretch outcomes for adults and children around wellbeing. Supporting medium priority applications will help also alleviate the health impacts described above around housing affordability. The cost of reinstating support for medium priority applications to end March 2023 is £300k.
- 3.8 1250 Households in Aberdeen are affected by the limit on additional payments to two children, meaning no additional Universal Credit or Child Tax Credit is paid for a third or subsequent children. Of these 1250 households, 760 are in receipt of UC and 490 in receipt of Child Tax credits. The Scottish Child Payment is paid regardless of the number of children in eligible families.
- 3.9 A Family Wellbeing Fund is proposed to support families through the provision of advice and to develop a support plan linked to topics such as money advice, fuel payments and employability. As these households are identifiable, this would work by providing an initial payment of £100 to the household, with

a second payment of £150 as an incentive to engage with services to maximise their income. This will help support those that need further support but are just above the thresholds for mainstream help available. To support 100 families to March 2023 will cost £25,000.

Mitigating the effects of poverty – Financial advice

- 3.10 The provision of financial advice is critical to help ensure people are maximising their income through benefit uptake as well as managing debt. The Council has its own Financial Inclusion Team to support residents across the City. In addition, a number of other providers are supported through Fairer Aberdeen and Common Good funds to provide financial advice, including Citizen’s Advice Bureau and the Support, Advice, Finance and Education (SAFE) team at Community Food Initiatives North East (CFINE).
- 3.11 There is an opportunity to expand provision of financial advice to ensure people can access the services at a time and place that suits their needs. We are mindful of the stigma that is still felt by some residents in seeking such support, and feel that establishing a peripatetic finance adviser that would support people using the food pantries, including the mobile pantry, would be of benefit.
- 3.12 The proposed recommendation for the procurement of food and expansion of advice and support to ensure availability of adequate food parcels and also an adequate range of provisions through Community Food Pantries through to March 2023 is:

Food procurement by CFINE for food pantries (supporting 300 memberships, weekly food shops, management and admin)	£387k
SAFE Team advice and support	£43k
	£430k

Mitigating the effects of poverty – Food support

- 3.13 The supply of food available to foodbanks is changing. Individual donations are reducing as people are affected by increased costs of living and are less able to afford food bank food donations. Fareshare is a national scheme supported by the Scottish Government to supply surplus food from the food industry for redistribution. Aberdeen City Council currently supports this scheme through the provision of £67k From the Fairer Aberdeen Fund for staffing and administration.
- 3.14 The surplus food available tends to be bulk and in commercial quantities, often fresh fruit and vegetables (planning is in hand for a delivery of 200 pallets of carrots). While this distribution clearly brings health benefits, fresh fruit and vegetables are often not suitable for making up a food parcel for use by households due to the perishable nature of the goods. Very occasionally however, a manufacturing or labelling error will result in supplies of retail

quantities of non-perishable food. In addition, improvements in stock and supply chain management by supermarkets, to minimise waste and support net zero, means that retail surplus is now minimal.

- 3.15 This impacts the availability of food not only through emergency food parcels, but also what can be provided through Community Food Pantries, which are currently being topped up with food through online shopping provision. Committee will be aware of the ongoing work to increase the number of members of food pantries in the city, with excellent work undertaken by CFINE to increase membership by around 300 people.
- 3.16 During Covid, the Scottish Government funded £2.1m through Fareshare to secure the provision of retail food to support the provision of both emergency food and Covid support during that time. That financial support has now ended. While some users of food banks and food pantries can work to produce meals from a bag of ingredients, many people and particularly those in crisis, cannot. Much work is underway around managing expectations about what can be provided and developing skills for people to produce food, but there remains a significant need for ambient food.
- 3.17 Consideration has been given to ACC procuring the food at scale to support the provision of emergency food and the offering through food pantries. While there are catering frameworks through Scotland Excel - the National centre of procurement expertise - there are no 'retail food' frameworks as required.
- 3.18 CFINE, on behalf of Food Poverty Action Aberdeen (FPAA), have experience of procuring this type of food and would develop a network of key providers across the city to distribute the food.

Mitigating the effects of poverty – Fuel poverty

- 3.19 Energy Action Scotland identifies the main causes of fuel poverty as:
- Poor energy efficiency of the dwelling
 - Low disposable household income
 - High price of domestic fuel
 - How energy is used in the home
- 3.20 The current Capital programme of insulation work to Council properties has a budgeted spend of £9.6m on various energy efficiency measures including insulation and heating system replacement, and we continue to offer heat and power to residents across the City.
- 3.21 The scale of the expected energy price cap increase in October 2022 is not yet known, but it is felt prudent to anticipate increased demand for fuel support arising from anticipated further increase.
- 3.22 The Council provides funding to SCARF to provide home energy advice to residents of Aberdeen. SCARF has advised that to provide a property with an insulation pack containing 1 x set of Radiator Reflector Panels (5-10 radiators)

LED Bulbs (12) and 1 x Draught Excluders will cost £86.07. In addition, some properties may benefit from a chimney balloon and hot water cylinder jacket, costing £43.44. This will depend on each property but is estimated at 10% of total properties.

- 3.23 To provide up to 500 properties with this type of support would cost £45k. Estimated average household cost savings per annum by installing the insulation pack is £210.00 (including the fuel bill increase April 2022 and +40% increase anticipated in October 2022).
- 3.24 Fuel vouchers are currently in use and accessible through the Financial Inclusion Team and SCARF. It is proposed that further fuel vouchers are secured, along with trialling a 'cash first' approach. Cash First helps to restore some dignity among people suffering poverty. This corresponds with the Scottish Government's policy of promoting a cash first approach to food insecurity and affording more dignity for those suffering.
- 3.25 It is recommended that £100k is allocated for the further provision of support to tackle fuel poverty through fuel vouchers and testing a cash first approach.

Mitigating the effects of poverty – employability support

- 3.26 We recognise that for some people the transition from unemployment to employment can be challenging, with the transition from being supported by benefits to receiving a salary potentially affecting income during the initial phase. In particular this can be a barrier for lone parent families, and we are proposing an employability transition grant of £1000 for lone parents, payable over three months to support the costs of moving from benefits and into work, covering transport costs, clothing, food etc. This would therefore cover moving into work and the initial period of work to reduce in work poverty at point of employment.
- 3.27 To support 100 lone parent families through existing employability programmes to March 2023 will cost £100,000. Due to this requiring a degree of eligibility assessment, this £100k would include administrative costs.

Summary of recommendations

- 3.28 This report sets out a series of recommendations which we believe address the challenge of providing sustainable support to households, and that will have a lasting impact through helping to prevent key public health challenges emerging. The table below illustrates how the £1m available for investing in poverty mitigation in our communities could be used to provide that support across targeted populations.
- 3.29 Based on our analysis and the above recommendations, in order to contribute towards the LOIP stretch outcomes and mitigate the health impacts describe above, we propose to invest the £1m to tackle food poverty and fuel poverty, age related poverty and in-work poverty including employability support. The recommendations are as follows:

Recommendation	Value
Allocate £430,000 to Community Food Initiatives North East for investment in food procurement, development of food pantries (300 memberships, weekly food shops, management and admin); and Support, Advice, Finance and Education team support	£430k
Allocate £300,000 to the Scottish Welfare Fund provision to reinstate medium priority applications to the end of March 2023;	£300k
Allocate £100,000 to SCARF to assist in alleviating fuel poverty through distribution of fuel vouchers and trialling a 'cash first' approach	£100k
Allocate £100,000 to ABZ works to support 100 lone parent families through existing employability programmes	£100k
Allocate £45,000 to the provision of insulation measures for 500 homes	£45k
Allocate £25,000 to establish a Family Wellbeing Fund, to support families through the provision of advice and to develop a support plan	£25k
Total	£1000k

4. FINANCIAL IMPLICATIONS

- 4.1 The cost of the proposed recommendations will be met from the Fuel Poverty Fund allocation approved by Council on 13th July 2022 to be allocated through this Cost of Living paper.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) <small>*taking into account controls/control actions</small>	*Does Target Risk Level Match Appetite Set?
Strategic Risk	There is a risk that failing to support people struggling to meet the increased cost of living could lead to longer term economic harm.	Implementation of recommendations to help mitigate the cost of living impacts for the most vulnerable, alongside work and support across services, partners and third sector.	L	Yes
Compliance	There is a risk of failing to comply with a Council decision to spend the allocated £1m to help the most vulnerable in our community with energy costs.	Implementation of recommendations to help mitigate the cost of living impacts for the most vulnerable, alongside work and support across services, partners and third sector.	L	Yes
Operational	The recommendations in this report place require minimal additional resource from the Council.	Strong partnership working with organisations identified will ensure this risk is minimised.	L	Yes
Financial	No significant risk identified as the £1m has already been identified			
Reputational	There is a risk that failing to support people struggling to meet the increased cost of living could lead to reputational damage.	The recommendations in this report demonstrate a clear commitment to supporting people with allocated budgets.	L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	The recommendations in this report align with the Partnership agreement with regard to the mitigation of poverty, and specifically the pledge for an urgent report into the effects of poverty on the city.
<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	The proposals in this paper impact on stretch outcome 1 – No one will suffer due to poverty by 2026.
Prosperous People Stretch Outcomes	The proposals in this paper impact on Prosperous People Outcomes: 7 - 95% of all our children, including those living in our priority neighbourhoods, will sustain a positive destination upon leaving school by 2026 11 - Healthy life expectancy (time lived in good health) is five years longer by 2026
Prosperous Place Stretch Outcomes	The proposals in this paper impact on prosperous place outcome 13 - Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate.
Regional and City Strategies	There will be a positive impact on efforts to reduce carbon emissions through the recommendations on tackling fuel poverty, in addition to the work noted on Council housing stock energy efficiency.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Completed 4 th August 2022
Data Protection Impact Assessment	Not required

10. BACKGROUND PAPERS

None.

11. APPENDICES

- 11.1 Appendix 1 – summary of Scottish and UK Government energy and cost of living interventions

12. REPORT AUTHOR CONTACT DETAILS

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Appendix 1

Award	Detail	Population level
Cost of Living Award	<p>£150 credit to Council Tax bills for</p> <ul style="list-style-type: none"> • A person who lives in a dwelling in any Council Tax valuation band, is liable for Council Tax and is in receipt of Council Tax Reduction. • A person who lives in and is liable for Council Tax for a band A-D dwelling and does not receive Council Tax Reduction • A person who lives in a dwelling in any Council Tax Band and receives one of the following exemptions: <ul style="list-style-type: none"> • Exemption due to all the occupants are under 18. • Exemption due to all the occupants are care leavers. • Council Tax Exemption due to all the occupants are severely mentally impaired. • Exemption due to the property is unoccupied because the resident has gone to someone else's home to provide care, or the resident receives care elsewhere 	Targeted
Energy Bill Support Scheme.	All domestic energy customers in Great Britain will now receive a £400 grant to help with the cost of their energy bills through the Energy Bill Support Scheme.	Whole
£650 Cost of Living payment for those on benefits	More than 8 million households on means tested benefits will receive a payment of £650. This includes all households who receive Universal Credit, Income-based Jobseekers Allowance, Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax	Targeted

	Credit, Pension Credit. Department of Work and Pensions will make the payment in two lump sums – the first from July, the second in the autumn. Payments from HMRC for those on Tax Credits only will follow shortly after each to ensure there are no duplicate payments. The government will make these payments directly to households across the UK.	
£300 Pensioner Cost of Living Payment	All pensioner households will receive an extra £300 to help them cover the rising cost of energy this winter. This payment will go to the over 8 million pensioner households who receive the Winter Fuel Payment. The Pensioner Cost of Living Payment will come as a top-up to annual Winter Fuel Payments in November/December. The government will make these payments directly to households across the UK.	Targeted
£150 Disability Cost of Living Payment	People with disabilities will receive an extra £150 to help with the extra costs they face. Six million people who receive Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Scottish Disability Benefits, Armed Forces Independence Payment, Constant Attendance Allowance and War Pension Mobility Supplement will receive the support as a one-off payment in September. The government will make these payments directly to households across the UK.	Targeted
The Warm Homes Discount	2.2 million low-income households receive a £140 rebate on their energy bills. From 2022, proposed changes will see the scheme be worth £475 million a year with nearly 3 million households receiving a £150 rebate.	Targeted
Winter Fuel Payments	Providing payments of £200 for households with someone of State Pension Age, or £300 for Households with someone aged 80 or over. bills.	Targeted
Cold Weather Payments	£25 extra a week for poorer households when the temperature is zero or below.	Targeted

Child Winter Heating Assistance Payment	£214.10 for an eligible child or young person in the household. Paid once a year to those in receipt of highest rate of Disability Living Allowance/Child Disability Payment or enhanced rate of daily living Personal Independence Payment.	Targeted
Fairer Aberdeen Funding and revenue grant funding	Value of commitment and impact	Whole and targeted