



City of Westminster

Cabinet Member Report

Meeting or Decision Maker:	Leader of the Council
Date:	January 2024
Classification:	General Release
Title:	Cost of Living Projects 2024/25
Wards Affected:	All
Policy Context:	The proposals are in line with the Cost-of-Living Strategy July 2022 and the Fairer Westminster Strategy
Key Decision:	Yes
Financial Summary:	This report recommends a total of £1m further funding for cost-of-living projects starting in 2024/25 to support Westminster residents during the cost-of-living crisis.
Report of:	Gerald Almeroth: Executive Director of Finance and Resources, Pedro Wrobel: Executive Director of Innovation and Change

1. Executive Summary

- 1.1. In July 2022 the council launched a Cost-of-Living Strategy, setting out a plan to help tackle the crisis. As identified in the Strategy, an estimated 31,000 households in Westminster are particularly exposed to rises in living costs. So far, the council has delivered national support of £9.9m and has invested over £9m from its own resources to tackle the crisis. Overall, a package of over £19m has been delivered to ease the cost-of-living pressures since 2021.
- 1.2. In addition to this, a further £1m of council investment is proposed for projects starting in 2024 / 2025, to support those most impacted by the crisis. Further investment is needed, as analysis suggests the crisis will continue into 2024 / 2025. Even though annual rate of inflation is slowing, inflationary pressures from food and energy will continue to exert pressures, particularly on low-income households.
- 1.3. The Resolution Foundation reports that people's ability to afford essentials remains much diminished, with 22% saying they could not afford to heat their home adequately in October 2023. The North Paddington Foodbank reported receiving more referrals in November 2023 than at the peak of the crisis.
- 1.4. The Office for Budget Responsibility predicts that real living standards will be 3.5% lower in 2024 / 2025 compared with pre-pandemic levels. Food prices remain high and were 30% higher in October 2023 than in January 2021 and energy prices were 82% higher. Low-income households will continue to be disproportionately impacted by high prices as they spend a greater proportion of their income on essentials compared with other households.
- 1.5. Also, the legacy of previous price rises for energy and food are now combining with higher housing costs. Private rents have reached record highs, rising by 6.1% (Office of National Statistics provisional estimate) in the year to October 2023, which are a significant factor in driving financial hardship and homelessness. Citizens Advice Westminster saw a 42% increase in referrals in November 2023.
- 1.6. Measures announced as part of the Autumn Statement, such as uprating benefits by 6.7% from April 2024, won't eradicate cost of living pressures and their benefits need to be offset against the loss of the £900 cost of living payment for people in receipt of means tested benefits.
- 1.7. The uncertainty of the future of Household Support Fund (HSF) in 2024 / 2025, which is £3.9m in 2023 / 2024, will have a direct impact on the

allocation of the additional Cost of Living funds of £1m. In response to the ongoing pressures and future uncertainties, a three phased approach to allocating funds is proposed. Projects for the first phase (38% of the funding) are put forward now to ensure continuity of ongoing advice services, which are integral to the cost-of-living response and food charity provision to meet the high demand for these services. The remainder will be agreed in two further phases. The second phase of allocation will be proposed, when there is clarity about a further HSF. The third phase will be held in reserve to support the response for demands of Winter 2024.

2. Recommendations

2.1 It is recommended that the Leader of the Council agrees:

2.1.1 That the council invests a further £1m in cost-of-living projects starting from April 2024 to address the ongoing crisis.

2.1.2 That Phase 1 projects from the £1m amounting to £367,779 are agreed and that the Executive Directors of Finance Resources and Innovation and Change have the delegated authority to manage these individual allocations and to make any necessary changes to them.

2.2.3 That agreement for the remaining allocation of the £1m is made in two further phases as set out in Section 5 and is delegated to the Executive Directors of Finance Resources and Innovation and Change, in agreement with the relevant Cabinet Members. The Executive Directors will also have the delegated authority to manage these individual allocations and make any necessary changes to them.

3. Reasons for Decision

3.1 While there are national interventions to address the cost-of-living crisis, as Section 4 shows, there is still a crisis and living costs will outstrip national support in 2024 / 2025 making further intervention necessary to help households most at risk.

3.2 The projects put forward in Phase 1, which use 38% of the funding, will ensure that vital advice and food support services can continue in 2024 / 2025 to meet the ongoing high demand. Funding for a dedicated post also ensures that cost-of-living projects can continue to be delivered.

3.3 Two further phases are needed to allocate the remainder of the £1m as it is uncertain whether there will be a further Household Support Fund in 2024 / 2025, and this will affect how it is spent. It is also needed to ensure the right interventions are in place for Winter 2024 which won't be known until later in the year.

4. Background, including Policy Context

- 4.1 In July 2022 the council launched a Cost-of-Living Strategy¹ setting out a plan to help tackle the crisis. This was followed by the council declaring the cost-of-living crisis an emergency in September 2022.
- 4.2 As identified in the Strategy, lower income people face higher rates of inflation as they spend a bigger share of their income on fuel and food and an estimated 31,000 households across the City (24%) are particularly exposed to high living costs. Residents within this group that are most affected are:
- Single people with low incomes (on benefits or in work)
 - Families with children
 - Pensioners
 - Those with disabilities
 - Those living the most deprived wards in Church Street, Queens Park, and Harrow Road, although residents in all wards are affected.
- 4.3 Those most impacted was reviewed in March 2023 and other risk groups were identified:
- Those with low incomes but not entitled to any welfare benefits.
 - Private tenants, particularly those in receipt of Local Housing Allowance.
 - Larger families.
 - Disabled households.
- 4.4 Since the crisis started, the council has delivered a package of support in excess of £19m and made up of £9.1m in council funding and £9.9m in national support allocated to it, such as the Household Support Fund (HSF). Key council investment includes:
- Food and Activities in the Summer Holidays: 240k
 - Free School Meals, topping up national support: £2.9m
 - Energy Voucher Support: 50k
 - Increased advice provision: £592k
 - Food charity support: £342k
 - The Winter in the City programme which supports organisations to put on activities and food over the winter in warm and safe spaces: £355k.
- 4.5 Additionally, there has been support delivered nationally including the Energy Price Cap which is set at £1,928 in January 2024 (rising from £1,834 per annum) for an average household, cost of living payments for those in receipt of certain benefits of £900 and a disability cost of living payment of £150 during 2023 / 2024.
- 4.6 Inflation is falling and was 4.6% in October 2023 compared with 11% in October 2022 and the Office of Budget Responsibility predicts it to fall to 2.8%

by the end of 2024¹. However, falling inflation only means prices will stop rising so quickly and energy costs are 82% higher than they were in January 2021 and food prices are 30% higher². Interest rates are also historically high at 5.25% which is increasing mortgage costs and contributing to rent increases.

- 4.7 Government measures announced in the Autumn Statement 2023 include increasing the benefit rate for working age benefits by 6.7%, the State Pension by 8.5% and the Minimum Wage by 10% from April 2024³. The Local Housing Allowance (LHA) rate will also increase to match 30th percentile rents from April 2024, but Westminster will still be subject to an overall cap so LHA rates will generally not cover 30th percentile rents. The legacy of previous price rises for energy and food are now combining with housing cost pressures. Private rents have reached record highs, rising by 6.1% (ONS provisional estimate) in the year to October 2023⁴, which are a significant factor in driving financial hardship and homelessness. A two-bedroom private rent in Westminster is 11% higher in January 2024 compared with January 2023⁵.
- 4.8 Despite these national measures, there is still a cost-of-living crisis and further investment by the council is needed to support those most at risk in 2024 / 2025. Living standards are predicted to be 3.5% lower in the year compared with their pre-pandemic levels which is the largest fall since the Office of National Statistics records began⁶. The Resolution Foundation reports that people's ability to afford key essentials remains much diminished, with more than a fifth (22%) saying they could not afford to heat their home adequately in October 2023⁷. Food bank charities are reporting an increase in demand: the Trussell Trust reported that between April and September 2023 they provided £1.5m in emergency food parcels, a record high for this period, and a 16% increase from the same period in 2022⁸.
- 4.9 Local community intelligence from the Food and Energy Network also points to the ongoing pressures households are under. Advice organisations report high demand for services; North Paddington Foodbank saw more referrals in November 2023 than during the peak of the cost-of-living crisis and expects this trend to continue as energy prices rise in January 2024. Citizens Advice Westminster also saw a 42% increase in referrals in November 2023 and is

¹ <https://obr.uk/>

² www.ons.gov.uk/economy/inflationandpriceindices

³ [Autumn Statement 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/announcements/autumn-statement-2023)

⁴

www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/october2023#:~:text=2.-,UK%20private%20rental%20prices,12%20months%20to%20September%202023

⁵ Hometrack: Median rent

⁶ www.ons.gov.uk/economy/inflationandpriceindices/articles/costofliving/latestinsights

⁷ www.resolutionfoundation.org/our-work/living-standards/prices-consumption/

⁸ www.trusselltrust.org/

increasingly seeing households with negative budgets that cannot meet essential expenditure.

- 4.10 Key national support has also been withdrawn or is uncertain in 2024 / 2025. The £900 cost of living payment to households in receipt of certain means tested benefits will not continue and a further Household Support Fund (HSF) has not been confirmed. The council has received a HSF of £1.9m every six months since October 2021, which if no longer available will leave a significant gap in provision, particularly as 50% of it is used to help families eligible for free school meals in the holidays. It has also provided 7,000 low-income households with direct support through supermarket vouchers and has provided vital support to food banks and pantries.

5. Proposed projects / approach to investment

5.1 Phase 1

It is recommended that decisions relating to the £1m are made in phases. The projects in table 1 (phase 1), making up 38% of the funding are put forward now, as some providers of advice and food support will require urgent funding in 2024/25 as their previous funding comes to an end. This will enable them to continue these vital services and support the at-risk households identified in 4.2 and 4.3. Ongoing funding is also needed for a dedicated cost-of-living post to ensure that these and all projects are delivered.

Table 1: Proposed projects for phase 1

PROJECTS	BUDGET
Advice Services - To extend the one-year projects to March 2025 for:	£216,779
Paddington Law	
Cardinal Hume	
Z2k (extends to June 25, they started 3 months later)	
Age UK	
Food Support	£100,000
Providers to be identified in March 2024 subject to need	
Delivery Post	£60,000
TOTAL PHASE 1 (38%)	£376,779

5.2 Phases 2 and 3

The remaining 62% of the £1m will be allocated in two further phases. Phase two projects will be put forward in Spring 2024 once it is known if a further Household Support Fund is available as this will influence the projects proposed. Phase three projects will be put forward in preparation for Winter

2024 when the type of provision needed is clear. In both cases these decisions are delegated to the Executive Directors of Finance Resources and Innovation and Change, in discussion with the relevant Cabinet Members.

6. Financial Implications

- 6.1 A total of £1m one-off General Fund support will be provided to support the cost-of-living initiatives outlined in this report. This will be funded from the council's reserves.

7. Legal Implications

- 7.1 The recommendations of this report will assist the council in meeting its obligations to residents in need of support and could reduce the impact of future demands if such support is not provided. Any support provided will need to be undertaken in a financially responsible manner.
- 7.2 The Localism Act 2011 section 1 provides councils with a general power of competence. It gives local authorities the legal capacity to do anything that an individual can do that is not specifically prohibited. This power is exercisable by local authorities for purposes for the benefit of the local authority and its residents. Instead of being able to act only where the law permits it, local authorities are free to do anything provided they do not contravene other limitations. Section 2 provides that the general power does not apply to things which the authority is unable to do by virtue of a pre-commencement limitation, or a post-commencement limitation which is expressed to apply to the general power, to all the authority's powers, or to all the authority's powers with exceptions excluding the general power. The recommendations of this report are within the section 1 power and not prohibited by section 2.
- 7.3 The Civil Contingencies Act 2004 defines an 'emergency' as including an event or situation which threatens serious damage to human welfare in a place in the UK. This includes (amongst other things) an event or situation that causes or may cause (a) loss of human life, illness, or injury, (b) homelessness and (c) disruption to a supply of money, food, water, energy, or fuel. The council declared the cost-of-living crisis an emergency in September 2022. The Act requires local authorities to maintain plans for the purpose of ensuring that if an emergency occurs or is likely to occur the body can perform its functions so far as necessary or desirable for the purpose of preventing the emergency, reducing, controlling, or mitigating its effects, or taking other action in connection with it. The recommendations of this report constitute such a plan.
- 7.4 In coming to any decision, the council must comply with the public sector equality duty under s149 Equality Act 2010. This requires the council, when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; advance equality of opportunity between people who share a relevant protected characteristic and those who don't; foster good relations between people who share a relevant protected characteristic and those who

don't (and involves having due regard, in particular, to the need to tackle prejudice and promote understanding).

- 7.5 Under the duty, the relevant protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. Having due regard to the need to 'advance equality of opportunity' between those who share a protected characteristic and those who do not includes considering, in particular, the need to remove or minimize disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; the need to take steps to meet the needs of persons who share a protected characteristic where those needs are different from the needs of persons who do not share that characteristic, and encourage those who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 7.6 Further, under s149 the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include taking steps to take account of their disabilities. Compliance with the duties in s149 may involve treating some persons more favourably than others, but not to permit conduct that would otherwise be prohibited under the Act.
- 7.7 The potential equality impact of the proposed changes has been assessed within an Equalities Impact Assessment. Careful consideration of this assessment can demonstrate that the decision maker has had "due regard" to the relevant matters, and the mitigations necessary for any adverse impact, to comply with the equality objectives set out in s149."

8. Carbon Impact

- 8.1 There are no carbon impacts arising from this report.

9. Equalities Impact

- 9.1 An Equalities Impact Assessment (EIA) initial screening has been carried out. Using Westminster households in receipt of benefits as an indicator of those most likely to need help, the groups below are over-represented compared to their size in the Westminster population:

- People in the 45 – 64 and 65 plus age groups
- Men
- People with disabilities
- Households without children.

- 9.2 However other data and community intelligence indicates wider low incomes groups to also need support such:

- Global majority / BAME households and Black and Middle Eastern groups in particular

- Women.

9.3 Overall the EIA identifies that the impact of the additional funding on households with protected characteristics to be positive given it enables vital services for households most at risk from the crisis to continue and also as it complements other support.

10. Consultation

10.1 The proposals and approach put forward have been consulted on internally through the Cost-of-Living Board which includes representatives from all the relevant council directorates. Previous consultation with community partners and organisations such as the Food and Energy Network and Community Alliance have shown support for investing in advice and food support.

10.2 There will be further consultation on projects put forward for phases 2 and 3 and this will include partner / community consultation if possible.

11. Communications Implications

11.1 Details of all the support available to households during the cost-of-living crisis are on the council's support hub and new projects will be added as needed and communicated through the council's networks.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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BACKGROUND PAPERS

Details of the background papers referred to in this Report are in footnotes.

NB: For individual Cabinet Member reports only

For completion by the **Leader of the Council**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report.

Signed: _____ Date: _____

NAME: **Councillor Adam Hug** _____

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled.

Cost-of-living Projects reject any alternative options which are referred to but not recommended.

Signed: _____

The Leader of the Council

Date: _____

If you have any additional comment which you would want actioned in connection with your decision, you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

Appendix A: Other Implications

1. Resources Implications

Projects from the £1m will be delivered by external partners or existing council staff, including the dedicated delivery officer.

2. Risk Management Implications

The projects will be monitored to ensure they meet their intended outcomes and progress will be reported to senior officers. Service Level Agreements will be developed where they are delivered by third party organisations. Progress on all the cost-of-living projects is regularly reported to the Cost-of-Living Board.

3. Health and Wellbeing Impact Assessment including Health and Safety Implications

The cost-of-living crisis is a health emergency too. Evidence shows that exposure to poor housing conditions (such as damp, cold, mould) is strongly associated with poor physical and mental health. The economic situation is also exacerbating the existing mental health crisis that has been flagged by several reports and studies. This is worsened by the interplay of multiple challenges, barriers and inequities within our social systems and there is a need to address these to prevent the mental health crisis worsening as per the ESRC Centre for Society and Mental Health⁹.

- 3.1 Three out of five Britons (60%) report that the cost-of-living crisis is negatively impacting their mental health, to the extent that as many as a quarter (23%) say they're having problems sleeping because of worries about rising costs, according to a King's College report. People living with a mental health condition are also much more likely to need support – for example 16% of this group reported accessing means-tested benefits in the last six months to cope with the rising cost of living, compared to only 6% of the general population¹⁰.

⁹ www.kcl.ac.uk/on-the-edge-what-the-cost-of-living-crisis-could-mean-for-uk-mental-health

¹⁰ www.kcl.ac.uk/on-the-edge-what-the-cost-of-living-crisis-could-mean-for-uk-mental-health

3.2 The proposed projects in this Report are targeted towards those who are most impacted by the crisis, and this will be taken into account for Phases 2 and 3.

4. Crime and Disorder Implications

There are no implications.

5. Impact on the Environment

There are no impacts.

6. Staffing Implications

See Resource Implications above.

7. Human Rights Implications

There are no implications.

8. Energy Measure Implications

There are no implications.

9. Counter Terrorism and Security Implications

There are no implications.