

**ADDENDUM TO QUARTER 1 FINANCIAL MANAGEMENT REPORT  
2022/23 - FROM: TRACEY LILLEY, DIRECTOR OF COMMUNITIES  
AND HEALTH****COST OF LIVING CRISIS****1 ADDITIONAL RECOMMENDATIONS**

- 1.1 That an action plan will be produced by officers which will be presented to a future Executive.
- 1.2 That the action plan is regularly reviewed, updated, and reported back to the Executive.

**2 REASON/S FOR RECOMMENDATION**

- 2.1 To support our residents, businesses, and staff through this crisis to provide guidance, signposting to support services and assistance. The action plan will provide a clear report to Members on the actions and expected outcomes from each of the thematic workstreams with short, medium, and long-term objectives.

**3 SALIENT INFORMATION**

- 3.1 The cost-of-living crisis is the result of a number of factors. The global demand for oil and the conflict in the Ukraine has resulted in an increase in wholesale energy prices.
- 3.2 Energy firms have warned that 40% of the population could fall into fuel poverty. It can be defined using the Low-Income Energy Efficiency (LILLE) indicator. A household is fuel poor if they are living in a property with an energy efficiency rating of band D or below, and after heating their home to an adequate level, they are below the official poverty line. The official poverty line is considered to be a residual income 60% below the median household income after housing costs. Adequate warmth is considered to be 21°C (70F) in the main living room and 18° C (64F) in other occupied rooms during daytime hours, with lower temperatures at night. Fuel poverty is not just about access to heating as the definition of fuel is taken to include all expenditure on domestic energy, including that used for hot water, cooling, lights, and appliances.
- 3.3 It is estimated that a typical spend will increase by 54% based on average usage and from 1 October 2022 an average energy bill will hit £3549 per year or £296 a month.
- 3.4 The price cap used to be reviewed every 6 months, but from 1 October 2022 it will be reviewed every 3 months, so will be reviewed again in January 2023. It

should also be noted that due to the review in January 2023 it will mean that everyone will be paying higher bills more frequently in the winter months.

- 3.5 The current rate of inflation is 10.1%. Businesses are experiencing increased transport and energy costs and, combined with supply problems, many of these costs are being passed to the customer.
- 3.6 Food prices have increased significantly with essential items such as bread, pasta, meat and vegetables rising the most.
- 3.7 The cost of petrol/diesel has also risen significantly due to the Russian invasion of the Ukraine.
- 3.8 The Bank of England has increased the base rate six times since December 2021 from 0.1% to its current level of 1.5%. This has resulted in a significant increase in mortgage rates.
- 3.9 Rents across the UK are at a record high with a 3% increase in the last year according to the Index of Private Housing Rent Prices (PHRP); however, Rightmove has highlighted that the rate is in fact higher at a 12% increase as the Index only considered new lets.
- 3.10 A temporary 1.25% National Insurance increase came into effect from April 2022. This will be replaced in April 2023 by a new 1.25% health and social care levy. This means that workers will see their NI contributions rise from 12% to 13.25%. Pensioners that are still working will also be expected to pay the new levy.
- 3.11 The Government is providing a number of support packages which currently include the following (this list is not exhaustive and likely to change):-
- £400 energy discount – 6 installations of approximately £66 deducted from energy bills from October 2022 to March 2023. This will happen at source, so residents do not need to do anything
  - Council Tax rebate of £150 for those households in property bands of A-D
  - £300 one off payment to pensioners
  - £150 one off payment to people with a disability
  - £200 cost of living payment via the Household Support Fund
- 3.12 Officers have developed a cost-of-living webpage for each authority covering the following five key themes:-
- Support with bills and money
  - Support with food and essentials
  - Support with well-being
  - Go Green
  - Support with work

- 3.13 Officers from District and Borough Councils attended a fuel poverty workshop at Essex University in August with colleagues from Essex County Council and health partners to discuss priority workstreams and opportunities for collaborative working. These meetings are continuing and officers from Brentwood are leading on the mapping of warm spaces across the County.
- 3.14 It is proposed that officers develop a comprehensive action plan with short, medium, and long term objectives and outcomes.
- 3.15 This action plan will be a live document and, once finalised, will be presented to Members at the Executive and a regular review and update report will also be presented to Members for monitoring.

#### **4 RISK IMPLICATIONS**

- 4.1 The risk implications will be set out in the action plan

#### **5 RESOURCE IMPLICATIONS**

- 5.1 Consideration will need to be given for any additional financial support that is provided. Any central Government grants may need to be applied for and will need to be allocated accordingly.

#### **6 LEGAL IMPLICATIONS**

- 6.1 Any work undertaken by the Council, either by itself or in partnership, will be in line with statutory legal guidance.

#### **7 EQUALITY AND DIVERSITY IMPLICATIONS**

- 7.1 The proposals will not have a disproportionate adverse impact on any people with a particular characteristic. More funding is likely to be allocated to pensioners and those with disabilities.