

Meeting of:	Cabinet
Date of Meeting:	Thursday, 19 October 2023
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Cost-of-Living Reserve
Purpose of Report:	To seek Cabinet's approval for a number of proposals for the use of the Council's Cost of-Living reserve
Report Owner:	Executive Leader and Cabinet Member for Performance & Resources
Responsible Officer:	Tom Bowring - Director of Corporate Resources
Elected Member and Officer Consultation:	Due to the corporate nature of this report, no specific Ward Member consultation has been undertaken
Policy Framework:	This is a matter for Executive decision by Cabinet
<p>Executive Summary:</p> <ul style="list-style-type: none"> • This report sets out proposals regarding use of the Cost-of-Living reserve established as part of the 2023-24 budget. • The report also provides an update on decisions made regarding the use of the reserve to date. 	

Recommendations

- 1.** That Cabinet approve the proposal for the use of the Cost-of-Living reserve for a ringfenced sum to support community projects with £25k in 2023-24 and a further £25k in 2024-25 and to delegate authority for the Director of Corporate Resources in consultation with the Executive Leader and Cabinet Member for Performance and Resources to develop and agree specific criteria for the use of this funding to meet needs within the community.
- 2.** That Cabinet approve the proposal for the use of the Cost-of-Living reserve to provide funding to the Vale Foodbank with an allocation of £3.5k in 2023-24 in addition to the funding already received and £20k in 2024-25.
- 3.** That Cabinet approve the proposal for the use of the Cost-of-Living reserve to provide £30k funding to Citizens Advice in 2024-25 in addition to the funding already agreed.
- 4.** That Cabinet approve the proposal for the use of the Cost-of-Living reserve to provide an additional £50k to the Discretionary Housing Payment fund in 2023-24 and again in 2024-25.

Reasons for Recommendations

- 1.** To enable the Cost-of-Living reserve to be used to support organisations assisting those experiencing difficulties due to the current Cost-of-Living challenges.
- 2.** To enable the Cost-of-Living reserve to be used to provide additional support to the Vale Foodbank.
- 3.** To enable the Cost-of-Living reserve to be used to provide additional support to Citizens Advice.
- 4.** To enable the Cost-of-Living reserve to be used to increase the funding available through Discretionary Housing Payments to support those in need.

1. Background

- 1.1** As part of the budget for 2023-24 a Cost-of-Living Reserve of £854K was established to fund work to alleviate the pressures of the cost of living crisis.
- 1.2** To date the reserve has been used to provide additional funding to Citizens Advice, to provide additional support to those in receipt of free school meals to assist with the cost of food over the school summer holidays and to contribute to the additional costs associated with the rollout of universal free school meals in primary schools.
- 1.3** The cost-of-living crisis and work to tackle poverty continue to be priorities for the Council and the Vale Public Services Board (PSB) as detailed in the Council's Annual Delivery Plan 2023-24 and the PSB's new five year Well-being Plan.
- 1.4** Audit Wales have published three reports as part of a programme of work looking at the challenge of tackling poverty in Wales and work is being undertaken to

respond to these reports as part of a wider programme of work under the Council's transformation programme.

- 1.5** A report for Corporate Performance and Resources Scrutiny Committee has been prepared for consideration at their meeting on the 18th October and the report provides an update on work on the cost-of-living and proposals for a more integrated programme of work responding to the recommendations from Audit Wales. The Committee will consider the report and refer any comments to Cabinet for consideration at a future meeting.
- 1.6** Progress reports on the Council's work around poverty and the cost-of-living will be presented to Cabinet later in the year.

2. Key Issues for Consideration

- 2.1** Our data tells us that there are issues of poverty across the Vale of Glamorgan and that the cost-of-living is continuing to cause hardship, with increasing issues of affordability with regards to food, energy and housing. As with the pandemic, the impact on poorer communities is even more acutely felt. A range of work continues to be taken forward across Council services and with partners in response to the cost-of-living crisis and to tackle poverty. This includes activities around homelessness, housing support, money advice, benefits entitlements, employment support, period poverty, access to food, Big Bocs Bwyd, free activities for children and young people, childcare and a range of work being undertaken through our schools.
- 2.2** Work is also continuing to refresh the cost-of-living analysis undertaken in the winter of 2022. The refreshed analysis will reflect the developing nature of the cost-of-living crisis while also reflecting continuing trends. Alongside this analysis, work has been undertaken to identify existing and new performance measures that can be used to assist in understanding the impact of our activities and the context within which services are being developed and delivered.
- 2.3** In the previous year, funding was provided by Welsh Government to enable the Council to establish and support a network of warm spaces. At present Welsh Government have indicated that there is no specific funding to support Warm Spaces for the coming winter. Welsh Government have awarded £33,447 to the Vale of Glamorgan Council as part of their Direct Food Support Scheme for 2023-24. Utilising this funding, 11 local projects have been allocated funding with the amounts varying from £2,000 to £5,000. Collectively these projects have an estimated reach of supporting over 535 people each week.
- 2.4** Welsh Government have also made funding available to support Food partnerships in 2023/24. The Vale was successful in a bid to receive £97,000 and this money is being used to further develop the Vale of Glamorgan's local food partnership including exploring opportunities on how to create more resilience in

the local food system and carrying out a rural vale food pilot over the winter 2023 – 24 to increase access to good quality affordable food in our more rural areas.

- 2.5** The Cost-of-Living Reserve established as part of the budget in April 2023 provides an opportunity to provide additional support directly to some of our residents and also to support the work of other organisations for example with food support or warm spaces.
- 2.6** To date the following funding has been agreed:
- **Budget Contribution Free School Meals (FSM)** - This was agreed as part of the budget report in March 2023 to counteract the loss of transitional protection from December 2024. Welsh Government and the WLGA are currently undertaking a review of the price of a Free School Meal. A contribution towards the Schools budget of £200k has been agreed for 2023-24 and a further £100k in 2024-25 to offset the increased cost of free school meals. This was agreed as part of the budget report at Council in March 2023
 - **Additional Contribution Citizens Advice** - This was agreed through emergency powers to provide additional funding in recognition of the increase in the volume and complexity of the work that is being handled for Vale residents. A contribution of £30k has been agreed for 2023-24 in addition to their annual grant of £157,335 from the Council.
 - **Additional support in the school summer holidays to those in receipt of FSM** - This was agreed through emergency powers to provide support to help families with the cost of food during the school holidays following the decision by Welsh Government to no longer fund this. The projected cost of £220k was allocated to fund this in the summer holidays of 2023-24 and was agreed to be funded from the reserve.
- 2.7** Officers have considered how the Council’s reserve could further be used to provide important additional support in a variety of ways. Cabinet are requested to consider utilising the Cost-of-Living reserve to fund the following which would help alleviate pressures around energy, housing and food costs which data and insight show are the most pressing issues for Vale residents currently.
- **Support for community projects.** It is proposed that £25K is allocated in 2023-24 and a further £25K in 2024-25 to support work within the community, for example warm spaces provided by community groups across the Vale. This funding would be administered by officers in the Corporate Resources Directorate in the same way that funding to support warm spaces and food projects has previously been allocated with organisations being invited to bid for funds and allocations being made against an agreed set of criteria.

- **Vale Food Bank Contribution.** The Food Bank has received £16.5K this year from the Council, which is made up of £12.5k from the discretionary cost-of-living grant and £4K from the Welsh Government Direct Food Support Scheme. It is proposed that £3.5K from the reserve is used to increase this figure in 2023-24 and a total of £20k is awarded for 2024-25 recognising the continuing pressures around food costs and increasing numbers of people receiving support from the food bank.
- **Citizens Advice.** It is proposed a further £30K is awarded to Citizens Advice for 2024-25 in line with the total funding allocated in 2023-24 to top up their annual grant in recognition of the increase in the volume and complexity of their work.
- **Discretionary Housing Payment (DHP).** DHP is a payment which is allocated at the discretion of the Council and can be used to cover housing costs. To access DHP the application needs to be entitled to Housing Benefit or the housing costs element of Universal Credit (UC). The applicant may be living in social housing or private rented accommodation and DHP is an emergency payment that can be used to support people who are not receiving enough to cover their rent. The DHP budget is limited and set by the UK government. The cost-of-living crisis has had a significant impact on the applications for DHP and there has an increasing number of applications in 2023/24 due to rent increases and the continued cost-of-living pressures. As the current funding levels have not increased, managing demand is increasingly difficult. There are very few properties available at or below LHA rates in the Vale of Glamorgan and the gap between LHA and market rates can also be significant. There is a limit on how much the local authority can top up the allocation from UK Government but it is proposed that £50k is added to the DHP fund in 2023-24 and again in 2024-25 to provide the necessary support. It is proposed that any funding not used would be rolled forward into the next year.

2.8 The table below sets out expenditure to date with regards to the reserve and proposals for further use of the reserve to support people this year and next year. This does not account for all of the £854K within the reserve established in April 2023 as it is considered prudent to consider how to utilise the balance in response to emerging challenges.

Year	2023/24	2024/25	2025/26
	£'000s	£'000s	£'000s
Opening Balance	854.0	325.5	100.5
Funding Agreed			
Budget Contribution Free School Meals (FSM)	-200.0	-100.0	0.0
Additional Contribution Citizens Advice	-30.0	0.0	0.0

Additional support in the school summer holidays to those in receipt of FSM	-22.00	0.0	0.0
Funding Proposed			
Support for community projects	-25.0	-25.0	0.0
Food Bank Contribution	-3.5	-20.0	0.0
Additional Contribution Citizens Advice	0.0	-30.0	0.0
Discretionary Housing Payment	-50.0	-50.0	0.0
Closing Balance	325.5	100.5	100.5

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 The proposals outlined in this report will assist the Council in contributing to the national Well-being Goals and the Council’s own Well-being Objectives as detailed in the Corporate Plan 2020-25. The proposed approach also embeds the five ways of working through involvement and collaboration with other organisations, prevention for example by helping with housing costs and taking a longer term approach to support the sustainability of organisations providing necessary support.

4. Climate Change and Nature Implications

4.1 The work outlined in this report and improved working with the third sector, social enterprises and Town and Community Councils will be critical for taking forward work on the climate and nature emergencies. To achieve net-zero we need increased community engagement and close working with all sectors to share learning and expertise.

5. Resources and Legal Considerations

Financial

5.1 The proposals outlined in this report are consistent with the purpose of the Cost-of-Living reserve and within the overall value of the reserve as described in the body of the report.

Employment

5.2 There are no employment implications as a direct result of this report.

Legal (Including Equalities)

- 5.3** The proposals outlined in this report are consistent with the Council's work to tackle poverty and with the socio-economic duty. The purpose of the reserve is to alleviate poverty as referenced in the report.

6. Background Papers

Council 6th March 2023 Final Budget 2023/24 and Medium Term Financial Plan (MTFP)
2023/24 to 2028/29