

SURREY COUNTY COUNCIL**CABINET****DATE: 29 NOVEMBER 2022****REPORT OF CABINET MEMBER: TIM OLIVER, LEADER OF THE COUNCIL**

LEAD OFFICERS: **KATIE STEWART, EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT & INFRASTRUCTURE**
MARIE SNELLING, EXECUTIVE DIRECTOR FOR CUSTOMER & COMMUNITIES

SUBJECT: RESPONDING TO THE RISING COST OF LIVING IN SURREY

ORGANISATION STRATEGY PRIORITY AREA: NO ONE LEFT BEHIND/GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/EMPOWERING COMMUNITIES

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| Purpose of the Report: |
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This report provides an update on the rising cost of living situation nationally, as well as a review of local data showing the emerging picture across Surrey. It outlines work by Surrey County Council, along with partners and key stakeholders, that is already underway to support households facing financial hardship. The report also sets out the proposed strategic approach to the rising cost of living over the short to medium term, including initiatives that have been identified to provide additional support to the most vulnerable. It does not address the issue of the inflationary pressures on Surrey Council led services or budgets directly, or those of our providers, as this will be considered through the 2022/23 budget and Medium-Term Financial Strategy to 2026/27. It should be noted that the increasing national cost of living is a rapidly evolving situation and all figures, especially of a predictive nature, are subject to change.

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| Recommendations: |
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It is recommended that Cabinet:

1. Notes the emerging insights around the rising cost of living in Surrey, and the rapidly evolving national context.
2. Notes the potential severity of the evolving situation and the possible impact for local communities, staff and business continuity.
3. Notes the financial investment made to date and the council's intention to continue to support residents, communities and partners through further financial investment where possible, whilst being mindful of the increasing financial pressures on the council.

4. Endorses the developing response to the rising cost of living, both internally and with partners, and the planned mitigations to manage risks to resident welfare, staff wellbeing, and service capacity and continuity.
5. Agrees that the council will work with other councils and national organisations such as the LGA and the County Council's Network to engage with Government on matters of importance relating to cost of living, including to further support provision targeted at vulnerable households to improve thermal insulation and reduce fuel poverty.

Reason for Recommendations:

The rising cost of living has the potential to affect many of Surrey's residents including, but not limited to, those already experiencing financial hardship. The council's response to the situation has been designed to support residents and staff, whilst being mindful of the council's own financial situation.

Background

The National Picture

1. The cost of living across the UK has been increasing since early 2021, with inflation currently at 10.1%¹ and an estimate this will increase further to around 13% during the autumn/winter of this year². This is predominantly due to rising food and energy prices and is inevitably affecting the affordability of goods and services for households and businesses. According to the Office for National Statistics, 87% of adults in Great Britain reported an increase in their cost of living in August and September 2022³, with the impact being felt most acutely by lower income households who spend a greater proportion of their income on food and fuel.
2. Public and private sector organisations are also being directly impacted. Care England data has shown a 683% increase in energy costs for care providers between August 2021 and August 2022⁴, and the estimated cost of providing local government services by county councils across the country for the current 22/23 financial year has risen by 92% since budgets were set in March of this year⁵.

The Surrey Context

3. In Surrey, the effects of this are already being felt. Whilst the majority of Surrey residents are not in crisis situations at the moment, many are beginning to make cutbacks. It is also important to note that there are some residents in crisis already before the full effects of inflation and the winter months are felt.
4. In a recent survey⁶, a majority of residents agreed or strongly agreed that the cost-of-living crisis made them feel stressed. The survey also revealed that:

¹ [Office for National Statistics](#) (10.1% figure refers to October 2022)

² [Bank of England](#)

³ [Office for National Statistics](#)

⁴ [Care England](#)

⁵ [County Councils Network](#)

⁶ Cost of living survey was asked of the Surrey Health and Wellbeing Panel in August 2022. This is a panel of 2000 residents – with a response rate of approximately 800 for this survey. The data is then weighted to be representative for the county based on age and gender. For Surrey this means that nearly a fifth of respondents had a household income of less than £30k, just over 15% of respondents are renting and just under 40% have a mortgage. Survey will be repeated during winter to monitor any changing circumstances

- 5% of residents have often struggled to pay non-energy related ‘essential’ bills
 - Around a third have reduced spending on their regular food shop
 - Around a quarter have found it difficult to pay their household bills
 - 50% of respondents on a pre-payment meter had sometimes run out of energy before they had the money to top up the meter
 - 66% sometimes or often reduced their energy usage to reduce cost
 - 74% have cut back on eating out, 63% have cut back on trips out and 48% have cut back on hobbies, indicating a potential impact on the local economy.
5. Over 500 new clients registered with Surrey Citizens Advice between April – June 2022 and support was given on over 1,600 issues, in particular around benefits, debt, housing and foodbanks. This increased demand appears to be coming from particular groups within the county, with 66% of claimants identifying as having a disability or long-term health condition, and two-thirds of clients identifying as female.
 6. Demand for food support is also increasing, with some foodbanks across Surrey stating they have seen a 300% increase of demand on their services over the past two years.
 7. With pockets of relative deprivation existing alongside more wealthy areas, stigma around financial hardship may be a particular issue in deterring those that are currently ‘just about managing’ from seeking early help, which means they access public services as they are entering crisis instead of at the point where preventative support can be provided. In addition, over 70% of the county area is considered rural meaning that residents may have greater reliance on fuel to travel further distances and/or heat their home.

National Government Response

8. In response to what is being termed as the ‘cost of living crisis’, the government has introduced a range of measures to support individuals and businesses⁷.
9. Despite this welcomed intervention, the country is still facing a period of economic uncertainty and pressure. The Energy Price Guarantee is still 27% above the summer 2022 cap (which had itself increased costs by 54% in April) and predictions are that the U.K. is already in a “moderate four-quarter recession that started in the second quarter” with inflation expected to continue to grow⁸. The impacts of this are likely to continue to be felt by the council, communities, staff, businesses, and charities for some time.

Summary of Response:

Role of Surrey County Council

10. The approach to supporting residents, communities and staff during this time is structured across two key pillars:
 - Support to key groups
 - Service continuity

⁷ [Cost of living support - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

⁸ [S&P Global](https://www.spglobal.com)

11. It will be impossible for the council to remove the pressures faced across the county by the cost of living crisis, however we can convene and work with partners to support people to mitigate, manage and cope with the impacts they are experiencing.
12. Especially at a time when the council itself is facing additional pressures and demand for services, it is imperative that any activity to this end is undertaken whilst maintaining strong financial and operational sustainability.
13. Data and insights as to how the cost of living crisis is manifesting across Surrey, and how this is changing over time, will be closely monitored to allow us, and partners, to respond and make insight-led interventions as appropriate.

Working with partners

13. Working closely with partners will be key to the success of the response to the cost of living crisis.
14. During the Covid-19 pandemic, Surrey County Council stepped into the provision of crisis support, including through emergency funding schemes such as the Contain Outbreak Management Fund (COMF) and the Household Support Fund (HSF). This has allowed the council to work closely with partners to develop a comprehensive programme of support for people struggling with the impacts of the pandemic, and provides a template for joint working during this period.
15. Whilst the cost of living crisis is not a critical incident like the pandemic, and the council will not have the same level of resources available to respond, the county benefits from this legacy of strengthened partnerships, improved ways of working and successful interventions that the council and partners can learn from and take forward in responding to the cost of living crisis.
16. Building on experience of the pandemic, a governance structure is being established by Corporate Strategy and Policy with Emergency Management and Resilience and will complement existing governance around risk and business continuity. It involves internal and external stakeholders and is designed to be responsive and dynamic.
17. As a council, we are committed to supporting the VCFS, and will be working closely with infrastructure organisations to monitor the situation and respond in the best way we can.
18. Close working with District and Borough councils will also be integral to the approach, to ensure a complementary and coordinated response.
19. As the county's primary strategic partnership boards, the Surrey Forum and Surrey Delivery Board will be kept closely apprised of the evolving situation and will be consulted with on key issues as appropriate. In addition, cost of living and the work being done to support residents will be included as a standing agenda item for key partnership meetings such as the meetings of Surrey Chief Executives and Surrey Leaders.

Support to key groups

20. We acknowledge that demand for services during the winter of 2022 is likely to be higher than seen historically, and residents who have not previously needed to access support may become in need of assistance.
21. The council is committed to continuing the support that it currently provides to vulnerable residents, and to further the objective that no one in Surrey is left behind. Given the additional financial pressures the council is facing, this existing support offer will form the basis of the cost of living response. Teams across the council are currently going through the process of ensuring core services and any relevant initiatives are designed and communicated through a cost of living lens, to ensure we are having the necessary impact without a large additional financial commitment.
22. The council has introduced 11 dedicated Community Link Officers (CLOs) deployed across all of Surrey's districts and boroughs. CLOs work closely with County Councillors and wider partners in communities to help them to shape their local areas, with a specific focus on linking into key neighbourhoods. The CLOs are working hard in relation to helping communities with the current cost of living crisis and supporting the development of Warm Hubs across Surrey which was launched on the 3rd of November.
23. Other existing funding streams include each County Councillor's £5,000 Members' Community Allocation which can be used on both capital and revenue expenditure to support local initiatives. Your Fund Surrey (YFS) large community projects and the new small community projects funding to be launched in the new year, could be used on local capital projects. An example might be to enhance or create community centres, which are key to thriving and empowered communities.
24. Given the current situation, any additional response beyond 'pivoting' our existing service offer will need to be targeted and impactful. The initiatives below have been designed to maximise impact with limited resources, and to target support to those in greatest need:
 - Communications, advice and guidance: including our Customer Services welfare support line; a leaflet through the letterbox of every household in Surrey pulling together the financial and welfare support available in the county; an online health and welfare support hub www.surreycc.gov.uk/welfare
 - Practical support: including support towards a network of 'Warm Hubs' across Surrey – this will be a mix of libraries, leisure centres, faith sector and other community buildings; a digital energy advice tool (being launched in November); additional funding provided to the Surrey Crisis Fund (which provides support for immediate needs in an emergency)
 - Funding to voluntary and community groups to reach vulnerable communities: including
 - Funding to the Community Foundation for Surrey, which will be matched-funded by donors, to create a 'Winter Poverty Fund' supporting charities in Surrey working on poverty mitigating initiatives.
 - Funding to Citizen Advice charities which will see an increased offer of support through to April 2024.
 - Funding to enable a Fareshare food allocation initiative (racking, chiller, freezer, forklift contribution).

25. The funding for these initiatives is sourced from a mixture of one-off government grants (such as the Household Support Fund and Contain the Outbreak Management Fund funding), and existing council budgets.
26. It is inevitable that staff are also likely to experience concerns around their own personal financial situation, so additional support for staff is also being put in place and promoted, including:
- Financial Wellbeing Support information on the Intranet and external website, accessible from any device. This will also be signposted to via November pay slips.
 - A number of in person events including in-person Financial Wellbeing Advice Fairs at key sites, with experts from range of external and internal stakeholders and staff roadshows with the Leader and Chief Executive
 - Access to discounts and financial products including:
 - My Benefits – the staff discounts scheme that provides for discounts for staff on items ranging from supermarket shopping to cinema tickets
 - Boom Credit Union offering loans, pay advances, savings and money advice
 - HMRC-approved salary sacrifice offers
 - Salary Finance Partnership (from late 2022) – This partnership will allow staff to borrow money and ethical rates and pay directly from their pay. The partner provides advice on budgeting and finance management as well as salary advances and loans.
 - Encouraging people to remain in the Local Government Pension Scheme

Service continuity

27. The risk posed to the council by the cost of living crisis is exacerbated by a number of additional factors that may threaten service continuity over the winter months including energy and fuel disruption and seasonal weather.
28. Examples of the risks that we are preparing for include:
- Rising costs of living for residents with some struggling to pay for essentials, creating greater demand for services
 - Inability to recruit and retain sufficient numbers of skilled staff
 - Increasing staff shortages
 - Supplier or commissioned service failure
 - Industrial action impacting statutory obligations and services
 - National infrastructure failure e.g. power outage, fuel shortage.
29. Ongoing work to assess risks to services and develop business continuity plans is underway, and business continuity has been reviewed by services across the organisation. Immediate contingency work with services has commenced to support mitigation and will continue over the winter period.
30. Internal governance arrangements are being put in place to oversee the response to business continuity, utilising existing mechanisms where already in place, such as the Corporate Resilience Group (CRG).

Influencing the national response

31. The council will seek to ensure channels of communication are in place with national government, to feedback local experiences and to influence the evolving national response.
32. We will work with other Councils and national organisations such as the LGA and the County Council's Network to engage with Government on matters of importance relating to the rising cost of living, including around the future of funding streams to local government and to further support provision targeted at vulnerable households to improve thermal insulation and reduce fuel poverty.

Consultation:

33. Successfully providing the support needed to residents will require strong partnership working, including consulting and involving partners in the development of the council's cost of living work and joined-up responses across the county. Partnership groups including the Charities Forum, Surrey Chief Executives group, the Surrey Forum and the Surrey Delivery Board have all been engaged on the work to date. Cost of living will remain on agendas in upcoming partnership meetings.
34. Resident voice has been sought out and included. This is notable in the recent citizens panel survey which provided a better understanding of how residents are coping with the rising cost of living, which will be repeated during the winter, and has informed the evidence led solutions being developed. Residents have also been engaged through Let's Talk events hosted in local communities where local data is shared with residents and workshop conversations are facilitated to help identify pressing issues for communities such as food poverty. Furthermore, Community Link Officers continue to provide a consistent line of communication into Surrey communities.
35. The council workforce has also been engaged extensively through the Extended Leadership Forum, Tim Oliver and Joanna Killian's Staff Roadshows and our staff Financial Wellbeing Event. This has ensured that staff are given forums to voice concerns, share best practice for supporting their teams, and learn about the support streams available through the council, as well as consider the potential impact on their work areas.

Risk Management and Implications:

36. The current situation poses a risk to the effective delivery of council services as demand for services is likely to rise as an increasing number of households experience financial pressures. It is especially likely that demand, and therefore risk, will increase for areas supporting adults and children, as detailed above.
37. If people are unable to pay, or decide not to pay, Council Tax in order to save money, this could lead to Council Tax arrears, or reduced Council Tax income, causing risks to the organisation's income. There may also be a potential financial impact if Districts and Borough's Council Tax Support Schemes are extended, and more work is being done to understand this.
38. Given the inflation being felt across the country impacting on all sectors, there is a risk that a supplier or commissioned service may be unable to continue to provide a service or will fail to do so at the standard required.

Financial and Value for Money Implications:

39. There is currently no planned additional expenditure being sought linked to these proposals, as proposed interventions are currently planned to be managed within existing budgets, through existing funding streams and programmes of work as set out within this paper. Annexes 2 and 3 set out the £5.8m funding and proposed use of the Household Support Fund and Contain the Outbreak Management Fund.
40. Financial decisions will undoubtedly be necessary as service areas seek to mitigate the risks of increased demand and the need to reprioritise. Any emerging financial pressures on Council services will be monitored closely and reported as part of monthly budget monitoring reports to Cabinet.
41. The inflationary pressures on council services or budgets directly, or those of our providers, are not addressed here as this will be considered through the budget development process, and the potential risk to the MTFS will be considered as service areas scenario-plan.

Section 151 Officer Commentary:

42. Although significant progress has been made to improve the council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
43. As such, the Section 151 Officer notes the support set out in the paper the direct financial implications of which are funded through one-off Government grants or existing Council budgets. The cost of living crisis also impacts demand for our services and increases financial pressure on our costs and that of our partners and suppliers. Such pressures will be monitored and reported through the monthly budget monitoring reports to Cabinet.

Legal Implications – Monitoring Officer:

44. This is a noting report and at this point there are no specific legal implications.

Equalities and Diversity:

45. Given the emerging intelligence suggesting that the cost of living crisis is disproportionately affecting groups with certain protected characteristics, any response will aim to provide targeted support to those that need it most. For example, elements of the Housing Support Fund are being targeted at disabled

people including directly to families with disabled children, working closely with county-wide charities to distribute funding to those in greatest need.

46. Responding appropriately to the cost of living crisis will help to support the council's ambition of No One Left Behind.

47. Where relevant, Equality Impact Assessments will be completed for individual interventions.

Report Author: Nicola Kilvington, Director of Corporate Strategy and Policy,
nicola.kilvington@surreycc.gov.uk, 07812 370810

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