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# NORTH AYRSHIRE COUNCIL

23 August 2022

## Cabinet

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<b>Title:</b>	<b>Community Support Funding for North Ayrshire Residents</b>
<b>Purpose:</b>	To seek Cabinet approval for a range of community supports and funding for North Ayrshire residents during the current cost-of-living crisis.
<b>Recommendation:</b>	That Cabinet approves the proposals.

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### 1. Executive Summary

- 1.1 It is recognised that the current cost-of-living crisis is having a greater impact on low-income households. Energy and food prices are escalating.
- 1.2 Councils, including North Ayrshire, are also financially challenged. However, the Council wishes to intervene at this time to use some of its existing funds to provide further one-off payments to its low-income families and to ensure availability of food and energy support to residents who need it.
- 1.3 This report proposes additional interventions which will mitigate cost-of-living increases for low-income residents.

### 2. Background

- 2.1 The recent Audit Scotland overview of local government report [Local government in Scotland Overview 2022 \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/publications/Local-government-in-Scotland-Overview-2022) provided a stark picture of the impact of the global energy situation and the cost-of-living crisis on our residents. Poverty rates have been rising in recent years, with the highest rates among children. The proportion of children living in poverty (after housing costs) has increased from 21.6 to 24.3 per cent since 2013/14, including a 1 percentage point increase in the most recent year in which data is available. This trend is seen across all 32 councils but in recent years poverty rates have increased at a faster rate in councils with lower levels of deprivation. North Ayrshire currently has the second highest levels of child poverty in Scotland.
- 2.2 Increasing financial hardship is emerging as the cost of living rises rapidly, with the greatest effects felt by those already experiencing poverty. Energy Action Scotland estimate that in 12 council areas over 40 per cent of households are living in fuel poverty after April's energy price rises. The price of gas has gone up 400% in the past year and 1,000% since 2019, according to the ICE futures market. This situation is set to continue at least until late 2023.

## **Energy costs**

- 2.3 The energy price cap - the maximum amount suppliers can charge customers in England, Scotland and Wales for each unit of energy - will go up in October 2022. The average bill was £1,400 a year in October 2021. The prospect of a tripling of the energy price cap in October to £3,600 – from £1,254 in 2019 – lies behind the Bank of England's warning of a long recession from this autumn, characterised by soaring inflation, falling living standards and rising unemployment. Prices have risen sharply because demand for gas increased when Covid restrictions eased, and because the war in Ukraine has threatened supplies from Russia.

## **Food costs**

- 2.4 Supermarket inflation is expected to reach the highest level since at least 2008 this month after rising to almost 10% this month, with families are facing a £454 increase in average annual grocery bills. Membership of the North Ayrshire Fairer Food Network has grown significantly since October 2021, when the Universal Credit uplift of an additional £20 per week was withdrawn. Since then, numbers have steadily risen across the network, driven by the rising cost of living in particular. More than 2000 people have accessed community food larders in North Ayrshire since they launched. Members access the community food network depending on their own circumstances and needs, including through referrals from partners, so the numbers vary from week to week. Based on learning from last autumn, another spike in citizens finding themselves in need of a larder is expected in October 2022 when the energy prices rise again.

## **North Ayrshire Council's position**

- 2.5 The situation presents significant challenges for the Council. Audit Scotland is clear that planning to respond to these longer-term issues is difficult. Funding levels continue to be uncertain in part due to short-term funding cycles, ring-fenced funding, uncertainty over how long Covid-19 funds will remain in place and the forthcoming budget cycle. The publication of the Scottish Government Spending Review in May 2022 has indicated a broadly flat cash funding position for local authorities over the next few years. When set within the context of rising cost pressures this will present significant challenges in delivering balanced budgets. Audit Scotland also recognises that it is challenging for councils to find the capacity and resources to respond to, influence and shape this programme to their own contexts particularly while continuing to respond to Covid-19 and deal with service backlogs and increased demand and harms arising from the pandemic.
- 2.6 However, North Ayrshire recognises the challenges posed to its residents by the cost-of-living crisis and that there is an urgent need to support citizens through the crisis - maximising financial resources available to communities whilst managing Council resources within the context of the current pressures and risks. How we do this will continue to be informed by our response to the pandemic - through strong partnership working, engaging with communities and focusing on vulnerabilities.

- 2.7 When reviewing existing financial resources the distinction between recurring and non-recurring funding has been considered. In view of the emergency need of citizens through the rising cost of living and balanced against the challenging financial landscape facing the Council from 2023/24 and beyond, an examination of current earmarked funds has been undertaken. This has identified the sum of £2.348m for investment in communities to help address the cost-of-living pressures.

### **The Council's Key Priorities**

- 2.8 Some initial work to progress the new Council Plan has already commenced. Current global events from the war in Ukraine and resultant inflationary impact and cost of living challenges and further evidence of the effects of climate change has accelerated this thinking. The Council's Administration have identified a number of immediate priorities. These are:
- Poverty and cost of living
  - Supporting our communities
  - Addressing climate change.

### **Current support**

- 2.9 There are currently a number of existing supports available through the Council. With over 60% of Council staff living in North Ayrshire it is also recognised that support to citizens will also include staff. The range of support includes:
- Financial Inclusion income maximisation and advice services (Money Matters, BONA, Welfare Rights)
  - Crisis grants / community care grants
  - Council tax reduction scheme.
  - Housing Benefit and Discretionary Housing Payments
  - Child bridging payments (£130 per season)
  - 1,140 hours free childcare support
  - Free school meals
  - Free school meal holiday support and activity programme
  - Cost of the School Day support (£500k per annum)
  - Clothing grants and education maintenance allowances
  - Enhanced Livewell scheme for Council staff

It should be noted that the Council's Financial Inclusion support cuts across many Council services and these activities are currently being reviewed to consider the optimal operating model and the level of required resource to meet the demand from our citizens. Again, It is recognised the current cost of living crisis is expected to deepen in the coming months which will further increase demand for these vital supports.

- 2.10 In addition, on 7 June 2022 Cabinet approved the allocation of £2.154m of Scottish Government funding to provide a range of supports for low-income households and to stimulate economic recovery. These included:

- Public Transport Travel Scheme to support travel to work
- Digital Growth Fund for Businesses
- Support for the delivery of the Council's Modern Apprenticeship Programme
- New Skills for Life work placements
- EQUAL Horticulture Intermediate Labour Market (ILM) investment
- Employer Recruitment Incentives (ERIs)
- £100 top up to the Summer Child Bridging Payments
- Improved support for childminders and OOSC providers
- Targeted employability opportunities for key families during Summer 2022
- Third sector support for programmes to support low-income families and individuals by building on current programmes
- Investment in the North Ayrshire Fairer Food Network
- Support for the development of a North Ayrshire Child Poverty Strategy and Action Plan.

2.11 It is recognised however, in the period since the above noted investment, the cost of living crisis has worsened. It is therefore necessary to build on the work to date and further maximise support for communities, whilst ensuring this support is aligned to the Council's priorities and within available financial resources. In order to do this quickly, it is important to build on existing support structures to ensure immediate impact.

## Proposals

2.12 The new proposals are outlined as follows:

- The Scottish Government currently provides full funding for child bridging payments of £520 per child per annum for families of children eligible for a free school meal on the basis of low income. These payments are processed each season during the year at a value of £130 per season. Back in June 2022, as noted in section 2.10 of the report, a top up payment of a further £100 was also made that took effect in the summer (June) payment. The £100 payment was also extended to low-income families of children of pre-school age. The new proposal will continue the additional child bridging payment of £100 per eligible child over and above the £130 scheduled payment for both Autumn (October) and Winter (December) 2022. Again, this will also be extended to low-income families of children of pre-school age and will reach over 5,700 children (3,300 families), helping to address rising cost of living pressures families are facing. **Total Investment - £1.140m**
- Build on the existing community food network by investing a further **£0.500m** to ensure basic food provision is available to anyone who requires the support, recognising the growing membership and the expected increase in demand from October 2022 due to the increase in the energy cap;
- Launch the £1.726m Energy Smart Scheme from funds secured as part of the 2022/23 Budget process. Delivery of the proposed sustainability initiative would be across two phases, and incorporating energy efficiency and low carbon behaviour advice, crisis support and the implementation of physical energy

efficiency measures. It is proposed that the current £1.726m investment is supplemented by an additional **£0.450m** to further help fund the crisis support element of the scheme. Details of the proposed scheme are outlined later in the Cabinet agenda; and

- In view of the anticipated increase in demand for Financial Inclusion supports, as noted in section 2.9 of the report, and to support the anticipated outcome of the current review of income maximisation and advice services when set within the context of the current cost of living crisis, it is proposed that the sum of **£0.258m** is set aside to build capacity through the provision of additional temporary staffing resources. This is important to ensure that the rapidly growing caseload of demand from citizens is met by an appropriate level of additional staffing resource to help meet this growing demand.

- 2.13 The **£2.348m** investment is in addition to the £1.726m Energy Smart Scheme Investment secured through the 2022/23 Budget process. This will deliver a **£4.074m** package of support to communities to help address the extreme cost of living pressures. The timing of this report is critically important to ensure processing of the delivery of the October bridging payments and to ensure the continued supply of food to the network before the October energy price cap rise.

### **Funding and Financial impact / Risk**

- 2.14 A total of £1.726m funding was secured through the 2022/23 Budget process to support the Energy Smart support model. A further £2.348m funding has been identified from the Council's Investment Fund. This fund is used to deliver sustainable investment across renewables, infrastructure and support Community Wealth Building initiatives. From the funds held there is currently a level of uncommitted financial resources of £2.348m.
- 2.15 In view of the significant cost of living pressures facing communities this funding will be directed to support the package of measures outlined in the report. Whilst these funds have been identified from existing resources, this investment is of a non-recurring nature. Following the publication of the Scottish Government spending review in May 2022 and when taking account of the significant additional inflationary cost pressures facing the Council, the projected budget gap for the Council in 2023/24 and beyond will present significant challenges in delivering a balanced budget. Further engagement with elected members through the Budget process will be undertaken later in the Autumn.

## **3. Proposals**

- 3.1 That Cabinet approves the investment proposals outlined in section 2.12 of the report.

## **4. Implications/Socio-economic Duty**

### **Financial**

- 4.1 These proposals are supported by the Council's uncommitted Investment funds (£2.348m) and earmarked funds following approval from the 2022/23 Budget process (£1.726m). This is detailed at 2.12 of the report.

### **Human Resources**

- 4.2 It is anticipated that temporary additional posts will be created within the Council's Financial Inclusion activities to help support the increased demand from citizens through the cost-of-living crisis. The level of resource requirement will be progressed through the current review of Financial Inclusion supports.

### **Legal**

- 4.3 A draft Minute of Agreement between North Ayrshire Council and The Energy Agency has been prepared by Legal Services. Following Cabinet approval of the Energy Smart Scheme this draft agreement will be shared between parties to agree terms.

### **Equality/Socio-economic**

- 4.4 These proposals aim to support the most disadvantaged North Ayrshire residents and to reduce the impact of financial inequalities.

### **Climate Change and Carbon**

- 4.5 The purpose of the Energy Smart scheme is to address the impact of climate change and carbon challenges, as well as to offset the cost of energy. The Fairer Food Network promotes local food growing.

### **Key Priorities**

- 4.6 The proposals will contribute to achieving a range of the Council Plan outcomes including for children and young people to have the best start in life; for residents and communities enjoy good life-long health and well-being; and for environmental and climate considerations to be addressed.

### **Community Wealth Building**

- 4.7 These proposals contribute to the Community Wealth Building mission of maximising the potential of all our places through working in partnership with our communities and businesses.

## **5. Consultation**

- 5.1 North Ayrshire Council works closely with its communities, who have been sharing their priorities through virtual and community engagement sessions, as well as in-person through the resumption of targeted community activities such as community breakfast clubs. The proposals in this report have been shaped by the voices of 'lived-experience'

through the Fair for All Commission, young people, partners and the experience of the interventions supported by previous funding. This has been informed by the Council Plan priorities, Community Wealth Building Strategy, Recovery and Renewal Strategy and Regeneration Delivery Plan (RDP) as well as the Scottish Government's Child Poverty Delivery Plan.

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## **Background Papers**

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