

# Supporting Sheffielders through the cost-of-living crisis

Sheffield City Partnership Board



## Cost of Living Crisis

- The cost-of-living crisis is beginning to have a significant impact in people in every part of our city.
- Price rises driven by energy price inflation, alongside additional taxation, are having an impact on most households in the city
- The energy price cap is likely to rise again in the autumn – potential crisis from autumn/winter
- Poverty was already increasing in Sheffield before Covid hit – and the pandemic has exacerbated inequalities and disproportionately affected the city's poorest communities
- **We are seeing:**
  - Incomes reducing
  - Costs are increasing with inflation at 9.1% – energy, food, rent
  - Illegal moneylending increasing

# Cost of Living Crisis Response

## The worst of this crisis is likely to be ahead of us

- Rapid stepping up the city's response is critical if we are to support the citizens and communities
- Recognise we don't control all the necessary levers, our response must be **focused on the steps we can take as a city to alleviate the effects of the CoL crisis**, and in particular, the impact that it is having on routine day-to-day income and expenditure decisions for households.
  - Take co-ordinated action where we can now while planning for autumn and winter
  - Set collective strategic direction for operational actions and interventions
  - Harness and gather shared intelligence and community insight
  - Get ahead of the challenge and give vital structure and focus through emergency-style response
  - Use our networks of influence – e.g. Government

# Cost of Living Crisis Strategy Group – terms of reference

## The purpose of the Strategy Group is:

- To provide strategic direction for a whole city response to the cost-of-living crisis
- To ensure coordination and effective joint working across the various organisations and sectors who have a contribution to make to the city response
- To ensure that there is effective community and stakeholder voice and involvement in the development of the city response
- To agree and seek assurance for delivery of the resulting action plans
- To ensure that the principles of equality, diversity and inclusion are at the heart of the city's response to the cost-of-living crisis

# Developing our strategy and action plan

co-ordinated strategic focus and action

# Cost of Living Crisis Strategy Group – strategy

## Aim

Work with the people and communities of Sheffield through the Cost of Living crisis to help mitigate the significant challenges they will be facing, with a particular focus on those who are struggling the most.

## Objectives

1. Support people to make the best possible choices about how they use the income they have
2. Help people maximise their income further (including but not limited to benefits maximisation)
3. Provide a central place to gather information about the scale and nature of the crisis, especially how it is developing over time, in order to prioritise actions and to amplify personal stories
4. Do what we can to ensure that emergency support is available when people are in financial crisis
5. Co-ordinate support for the people and communities that need it the most
6. Put people experiencing the cost of living crisis at the heart of Sheffield's approach to recovery and delivering clean, inclusive growth including supporting people to respond to rising fuel prices, while preparing the whole city for long-term trends.

# Cost of Living Crisis Strategy Group – strategy

## Principles

- Identify where we can pull levers in the city – there are many wider forces which are beyond our control so we need to focus on what we *can* influence.
- Focus on scale of impact - This might be small impact on a large number of people (e.g. communications), or larger impact on people who are struggling the most or who are more vulnerable. This includes understanding and addressing the distinct impacts on different communities in our city.
- Prevention where possible – are there smaller actions we can take together now to prevent more severe crisis later? Recognise, though, that people are, and will be, in crisis and require emergency support too.
- Prioritise actions that enable people to draw on their own strengths rather than treating them as a passive recipient of something that someone else has decided is best for them. Strive to be a gateway rather than gatekeeper to the support people are entitled to.
- Inform our actions using data and intelligence, recognising that sometimes our best knowledge, particularly in a fast-changing situation, is based on personal stories.

# Cost of Living Crisis Strategy Group – live action plan

Structured using the following areas of activity

1. **Communications and information sharing** – guidance and promoting support available
2. **Providing direct and indirect access to emergency support** – CT rebate, One Route access to financial support, support for foodbanks
3. **Supporting people to move away from crisis towards longer-term financial stability** – funding for advice organisations, employment support, food ladders
4. **Data and Intelligence** – harness data and insight from all partners, national data and evidence, citizen voice and insight
5. **Response as a landlord and creditor** – support for tenants (eg Council Housing)
6. **Response as employers** – support for vital frontline staff in the city exposed to cost increases in their work
7. **Responding to what matters to specific groups** – responding to needs and impacts on different communities (ie. communities of interest and geography, including LACs)



Appendix

impact of the Cost of Living

## Context

- Poverty was getting worse before the pandemic
  - 35.5% children in Sheffield (34,822 children) were in poverty *in 2019* (this is up from 29.9% or 30,713 children five years ago)
- Tenants in private-rented accommodation, people from black, Asian and minority ethnic communities, refugees and asylum seekers, women, people with disabilities and health conditions, and younger people (both adults and children) have all been disproportionately negatively affected by the financial impacts of the pandemic.
- Last autumn ‘Financial Cliff Edge’: temporary support and protections reduced or removed, including Universal Credit reducing by £20 a week, and end of furlough
- We estimate that around half of the people who went newly onto Universal Credit during lockdown were completely new to the benefits system.

Poverty & Income stream of [Covid-19 Rapid Health Impact Assessment](#)

# Cost of living crisis

*Incomes are going down while costs are rising by more than 50%:*

- Universal Credit reduced by £20 a week in autumn 2021
- Energy and food prices are rising dramatically, particularly from April. **Energy bills are rising by 54% on the average standard variable tariff.** This includes significant increases in the Daily Standing Charge that even people using the minimum amount of energy have to pay.
- Household debt has been increasing, with lower income households more affected.
- Rents are going up, especially in the private sector.
- BBC [explanation](#) of the cost-of-living increase.

*Government-financed support schemes are reducing or stopping:*

- Debt Advice and help to claim Universal Credit in Sheffield has reduced significantly
- Discretionary Housing Payment budget for help with housing costs has reduced by 30%
- Some temporary funds to cover emergency essentials are coming to an end, including self-isolation payments and hardship support.
- School holiday food vouchers for children eligible for Free School Meals have been provided for the last two years – they are likely to continue until the end of the summer holiday but funding may stop after that.

## Cost of living crisis impacts

- Many people are now facing a cost-of-living increase which is going to significantly reduce their ability to afford essentials in the face of further cuts to support.
- Illegal money lending is getting worse, with more people using them for essentials.
- The Resolution Foundation gives the example of a single parent, with one child, working 20 hours a week at a low-to-medium wage. In September 2021, this person might have had an income of £18,265. The removal of the universal credit uplift will have reduced income by £1,040. The cost of living rise to September 2022 will take another £1,198 off income. With the chancellor's changes to taxes and allowances, and salary increases, this person's income in September 2022 will be £17,681 – **£584 less** than it was a year earlier. (By contrast, a couple working full-time, both at the median wage, will see their net income fall by 1%, £392.)
- Michael Marmot: Inflation of more than 8%, and the government's failure to deal with the cost of living crisis for the poorest people – an unemployed single person will see a 15% drop in income – will put an extra 1.3 million people, including 500,000 children, below the poverty line.
- We are currently also noting a cohort of people who are on low incomes but **not low enough to be eligible for benefits** and who are facing steep increases in their cost of living and their subsequent ability to cover essentials