

Cost of Living Discussion with Officers

21st July 2022

The Chair and Vice-Chair of the Scrutiny & Overview

What are the risks to the Council from the Cost of Living Crisis?

Carol Squires, Head of Employment, Skills & Economic Development:

- It was stated that the rising cost of goods, movement and supply were affecting businesses of all sizes including those on high streets; an example of this was a business on London Road selling musical instruments could not buy new stock and that the rising cost of these goods was pricing them out of the market.
- The increase in costs was running across all sectors and impacted on the ability of businesses to increase wages in line with inflation and there were concerns about how this could be managed going forward.
- There were concerns that businesses may not survive which would reduce the amount of revenue to the Council from business rates. The Economic Development team were small and were working hard with partners to support businesses as best they could.
- The rise in costs to supply educational courses was significant and grants were decreasing in size; creative solutions to savings were being sought but were a challenge; more employment programmes were planned but grants for these were also reducing.
- On whether there were schemes to pause business rate payments for struggling businesses, there was a scheme for discretionary rate relief for businesses moving into the borough and there was a legal requirement to have a discretionary policy but, with all businesses struggling, it was difficult to discern who this should be applied to with no official procedure; currently decisions were based on the impact of a business possibly closing.

Stephen Hopkins, Head of Adult Placement, Brokerage and Market Management,:

- It was stated that Croydon had the largest Adult care provider in London. There were over 6,200 staff employed in the registered provider market alone, and the rising costs of living were negatively affecting recruitment and retention.
- Providers had said that whilst there had been an increase in payments by Croydon these had been based on 2020/21 figures and had not accounted for current rates of inflation.
- There were concerns from providers on inflation, fuel and energy costs.
- COVID had caused a significant loss of staff in the sector and direct payment users were experiencing a rise in the cost of services available alongside other increased costs for residents.

- There was only short-term funding to 2024/25 on fair costs of care. Work was being done on providing sustainable employment offers through Croydon Works but there were concerns about providers leaving the market although, as this was the largest market in London, there was a buoyant market in Croydon.

Kerry Crichlow, Director Quality, Commissioning & Performance:

- It was explained that the cost of care was increasing and that schools seeing the impact of the cost of living on families through increases in free school meals and a reduced ability for families to pay for school meals.
- There had been creative work to support schools and build relationships with organisations such as the Phoenix Project, which looked at food poverty.
- The Household Support Grant was available to support families, but there were concerns whether this was enough; the fund was just over £3 million and prioritised looking at food and fuel poverty by providing a rate based on need.
- There crisis was impacting upon Croydon staff, including social workers, and the recruitment market was currently very challenging.

Hamid Khan, Head of Homelessness & Assessments:

- Concerns were raised over homelessness, with increased rents and private landlords exiting the market.
- The London Buy Back interborough scheme had fallen apart and it was felt there would be increasing rates of homelessness.
- There was a real struggle to attain services with costs going up and other boroughs paying higher amounts further driving up prices; there was a lack of accommodation supply against demand which was a London wide and national problem.
- Staff were beginning to struggle with some not attending work due to fuel and transport costs.
- London Borough heads were meeting on a monthly basis to discuss the market but solutions had not been forthcoming with large costs making acquiring services increasingly difficult.

Helen Helliwell, Benefits Manager:

- It was stated that there was an increased number in those applying for benefits; the cost of living crisis had hit at the same time that Council Tax support schemes had become stricter to achieve savings and because of this fewer applicants were eligible for support.
- Housing benefit could only be provided by the Council to certain groups, with most people needing to apply for universal credit; this was not paid back by central government and was a cost to the council.

- As rents went up the cost of the providing this benefit was rising and the number of available properties on the rental market that could be covered by housing benefit were reducing.

Robert Hunt, Head of Culture, Leisure & Libraries:

- It was stated that library services were starting to recover from the pandemic and over half of visits were for digital access; this demand was expected to increase as people could no longer afford home internet access and for access to warm spaces in winter.
- Local libraries had reduced opening hours which meant that residents may have to travel to access larger libraries on other days as these were open six days a week.
- There was lots of support to elderly and vulnerable residents who needed help accessing and setting up email accounts; an increased number of residents had been directed to libraries for help filling out benefits forms and there were workshops with community groups to assist with this.
- For Leisure, utility costs were rising as these were not capped and had gone up by 200-300%. GLL would be raising prices alongside other cost saving measures such as reducing pool temperatures by one degree.
- Fairfield Halls car park had seen increased anti-social behaviour and rough sleepers; there was a risk for BHLive that audiences would reduce in line with the reduced disposable income of residents.

Ben Marshall, representing Lambeth and Croydon, Senior Investigator:

- It stated that there were a number of risks to residents and the Council. There were risks that overburdened officers could underperform; large turnover of managers could lead to a lack of assurance, knowledge and best practise.
- There had been a lack of referrals from staff to HR over the last two years which meant that wrongdoing was likely not being reported; this presented a risk of financial and reputational cost to the Council.
- There was anecdotal evidence of staff holding multiple jobs in breach of contract to increase their earnings.
- There needed to be greater fraud awareness in Heads of Service across the Council and a better focus on risk registers.
- The capacity for benefit teams to provide checks that had previously been done was severely reduced.