

Corporate Infrastructure and Regulatory Services  
Scrutiny Committee

# Cost of Living Spotlight Review

March 2023

# 1. Recommendations

The Spotlight Review asks the Corporate Infrastructure and Regulatory Services (CIRS) Scrutiny Committee and Cabinet to endorse and act on the recommendations below, with a report against progress of the recommendations to the Corporate Infrastructure and Regulatory Services Scrutiny Committee in 6 months' time:

	Intention	Recommendation	Lead
1.	Ensure that people and organisations who are eligible are making use of resources they are entitled to.	<ul style="list-style-type: none"> <li>a. All Councillors to have a resource list and to be invited to subscribe to Devon Funding News to keep up to date on available resources.</li> <li>b. Wider and regular publicity of the Household Support Fund (HSF)</li> </ul>	Communities team in liaison with comms and District Councils
2.	The Council champions the wellbeing of Council employees.	Write to the LGA to join the lobbying for a local government discount card, similar to the Blue Light scheme for health and social care workers, for all Devon County Council staff in recognition of their valuable role in society.	The Leader
3.	The Council supports partners in their efforts to help vulnerable people.	That the Council writes to Districts to identify if there is scope to align council tax reduction schemes across Devon.	Cabinet
4.	To help alleviate the energy crisis	That the councils ask Government to intervene and reduce the energy price cap at the end of March.	Cabinet
5.	To alleviate poverty	Ask Government to review the current mechanisms for supporting those in need.	Cabinet

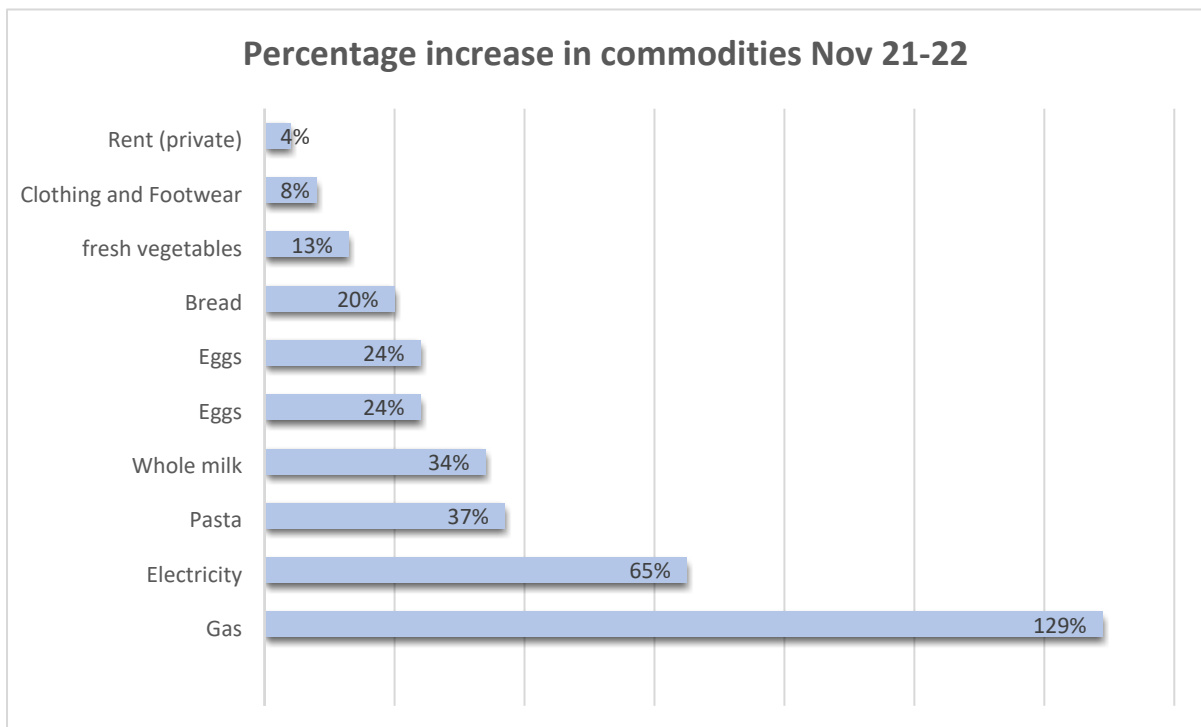
## 2. Introduction

- 2.1 In their roles as local Councillors and community champions, Members of the Council expressed their concern for vulnerable residents with the recent sharp increase in the cost of living. This includes inflationary pressures on necessities such as food as well as significant increases in the cost of fuel and energy. Members also sought to understand the impact that cost-of-living increases are having on Devon County Council's (DCC) staff. This Spotlight Review was established to develop a strategic understanding of these challenges across Devon and to see if there is scope to improve the offer and support to residents and community groups as well as to ensure that the Council as a corporate entity is doing everything possible to support staff.
- 2.2 The Spotlight Review was initiated and led by the CIRS Scrutiny Committee, with an invitation to Scrutiny Members across the Council to participate in the Spotlight Review in recognition of the cross-cutting impact of the cost-of-living crisis and to draw on Member experience across all three Scrutiny Committees.
- 2.3 One of the Council's key priorities in its Strategic Plan 2021-2025 was to "tackle poverty and inequality" and the Annual Action Plan 2022-23 focuses "to give extra help and support to vulnerable people and families disproportionately affected by the pandemic, or struggling to cope with poverty, inequality and the emerging cost-of-living crisis" (Devon County Council, 2022).
- 2.4 The scope of the review was as follows:
- To examine the impact of the cost-of-living crisis on Devon residents.
  - To gain an understanding of the role of the Council in supporting Devon residents.
  - To identify and explore practical solutions that could be implemented by the Council so to reduce this impact and protect those at risk of falling into poverty.
  - To examine the impact of the cost-of-living crisis on the provision of Council services.
- 2.5 The focus of the review was to gain a snapshot of the challenges facing both residents in Devon and actions that the Council is currently taking to support them, as well as understanding what the Council as a large local employer can and is doing to support its own staff.
- 2.6 The Spotlight Review took place on Monday 19<sup>th</sup> December 2022 in a remote meeting via Teams. Preparatory meetings were held on the 16<sup>th</sup> and 28<sup>th</sup> November 2022. Membership of the Spotlight Review is detailed at the end of this report.

### 3. The Cost-of-Living Crisis

3.1 There is a cost-of-living crisis in Devon and nationally. Amidst attempted recovery from the Coronavirus pandemic there have been a succession of problems faced by governments and consumers and demand for energy and other commodities has considerably outstripped the supply. Several factors have contributed to this. YouGov have observed that the invasion has interrupted global food and energy markets, whilst inadvertently affecting UK residents through the sanctions placed on Russia by Western nations (YouGov, 2022). According to the Office for Budget Responsibility, the supply chain issues and rising energy costs, coupled with a tighter than expected domestic labour market have contributed to the rapid rise in inflation (Office for Budget Responsibility, 2023). Domestic political instability within the UK has also been mooted as a reason (BBC News, 2023). Whilst acknowledging the complex myriad of contributory factors, the Spotlight Review’s primary aim was to understand the impact and look to support the people to Devon.

3.2 When the Spotlight Review was held in December 2022 the UK’s inflation rate (CPI) was 9.2%, still around the highest levels since the 1980s (PwC, 2023). These trends are being felt by the vast majority of the country. A survey carried out by Statista in January 2023 concluded that “92% of UK households reported that their cost of living had increased compared with a year earlier” (Statista, 2023). The cost-of-living crisis manifests in higher inflation, energy prices, and fuel and food prices. This crisis is having a significant and negative effect of the lives of people and their ability to eat and stay warm and healthy.



3.3 The increase in inflation in everyday expenditure is demonstrated on the graph above, ranging from a 4% increase in private rent (on average) to a 65% increase

in electricity and a 129% increase in the price of gas. The data was presented to the Spotlight Review with figures taken from the Office for National Statistics.

- 3.4 One of the driving forces of recent inflation, increased energy costs, has been amplified by the rapid increasing of the energy price cap, currently £4,279 as of February 1<sup>st</sup> 2023 (Department for Business, Energy and Industrial Strategy, 2022). First introduced in January 2019, the Ofgem energy price cap was set at £1,137. Now at £4,279, this dramatic increase over such a short period has resulted in a plethora of issues for families living in low-income households, namely fuel and food poverty. The current energy bill support scheme which is keeping bills at an average of £2,100 comes to an end at the end of March. Prices to consumers will rise with the average household going up by another £900 when the energy price cap goes up to £3,000 (Jones, 2023). It has been observed that addressing energy costs is a fine balancing act, where “energy providers could go bust because they can’t cover their costs” if prices are set too low by the regulator, “which reduces supply and drives up prices” (Channel 4, 2022).
- 3.5 Despite measures put in place to support households this has not been enough to solve the crisis, with the Council warning in November that spending cuts would be inevitable without help from the Government (BBC News South West, 2022).
- 3.6 While inflation overall is running at 9.2%, the Spotlight Review was told that different groups of people were experiencing different levels of pressures. The top quartile of earners are experiencing inflation at around 8% but those in the bottom quartile are experiencing inflation at around 11%. This means for the most vulnerable families in Devon, the pressures on their household budgets are most severe because lower income households spend a higher percentage of income on necessities (Institute for Government, 2022).

## 4. What does this mean for the people of Devon?

- 4.1 Many across Devon are experiencing the impact of higher fuel prices and higher food prices with the least well off especially feeling the impact of these. There are also implications of the cost-of-living squeeze more unique to Devon, with the pressures manifesting in a slightly different profile of vulnerability to the squeeze. As the most deprived areas of Devon, it would be traditionally expected that areas such as Bideford, Barnstaple and parts of Exeter would be hit the hardest by the cost-of-living crisis. This still holds generally true, with many (especially low-income) Devon residents across the county vulnerable to the large impacts of the crisis. However, and specifically around fuel poverty, the geography of impact has shifted with coastal and rural areas being far more impacted by the cost-of-living squeeze than has been seen before during other economic downturns.

### Fuel and energy

- 4.2 Due to its rural and coastal nature, Devon also faces additional challenges not necessarily felt in by other parts of the country. Devon has a higher rate of fuel poverty (13%) than the UK average (10.6%) (Devon County Council, 2022) and

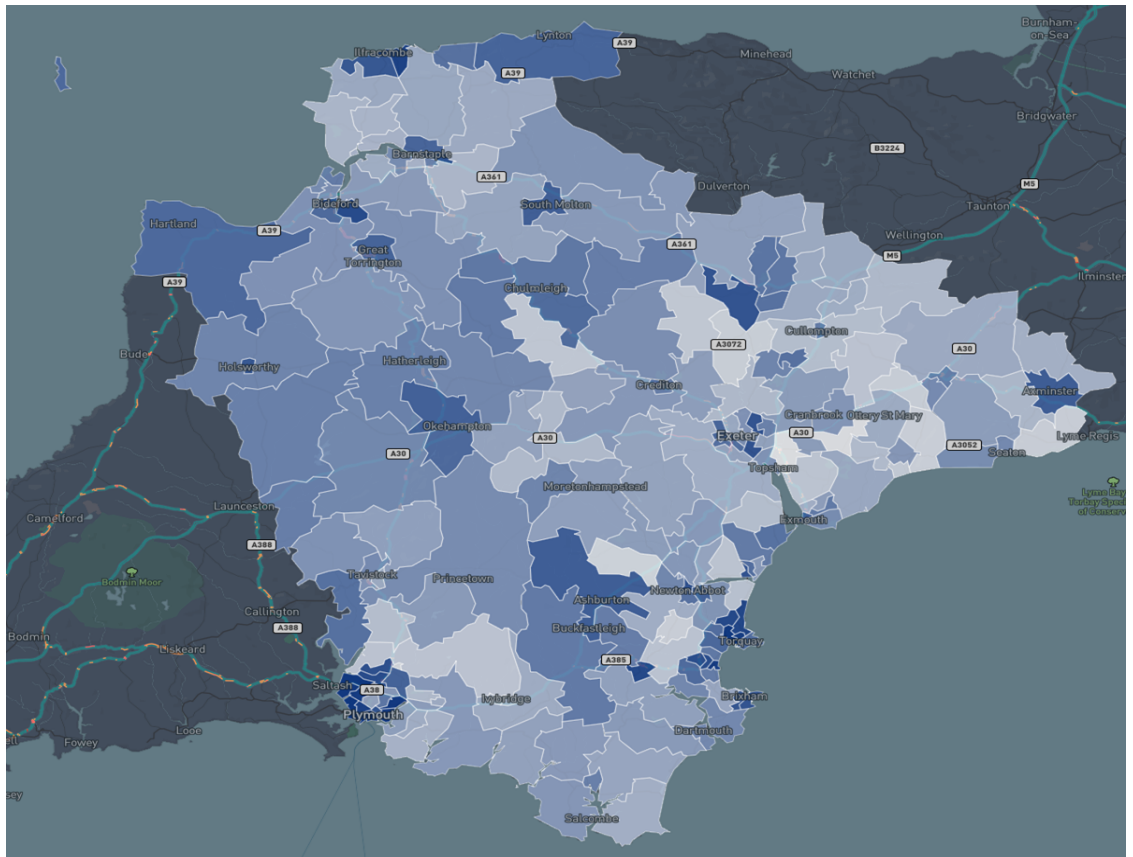
consequently, the effects of the cost-of-living crisis and increasing energy prices affect the residents of Devon more profoundly.

- 4.3 Rural areas face additional pressures around heating costs with houses and their heating systems often being less modern. Only 72% of Devon's households (255,136 out of the 352,620 households responding to the 2021 Census) are heated by mains gas or central heating. 35,677 households in Devon use heating oil and the Spotlight Review was told that the cost of heating oil is 4 times higher than it was in 2021, meaning for those families, the cost of energy to heat their homes is higher than those with central heating (ONS, 2023).
- 4.4 Transport is also an issue in rural areas due to travelling longer distances often driving and cars being the only feasible means of transport being a daily necessity. The necessity to drive, due to the lack of public transport in Devon, leaves residents with no choice but to contribute more of their budget towards fuel.
- 4.5 The maps demonstrate the differing impacts of fuel poverty, and overall vulnerability to the cost-of-living crisis. As the shade of blue gets darker, this indicates more impact. Overall vulnerability to the cost-of-living crisis, demonstrated by the first map, shows generally that urban areas suffer more greatly which is what we would expect traditionally. As seen in the second map, fuel poverty is particularly hard felt in the northern coastal areas as well as the rural 'central belt' of the county as areas that rely more heavily on personal transport and are therefore impacted by the increased prices more than those in urban areas. The eastern and southern coastal areas also clearly have higher vulnerability than further in-land. What is clear overall is that there are very few areas of the county that are not impacted by the squeeze on the cost-of-living, but that there is significant variation across the region.

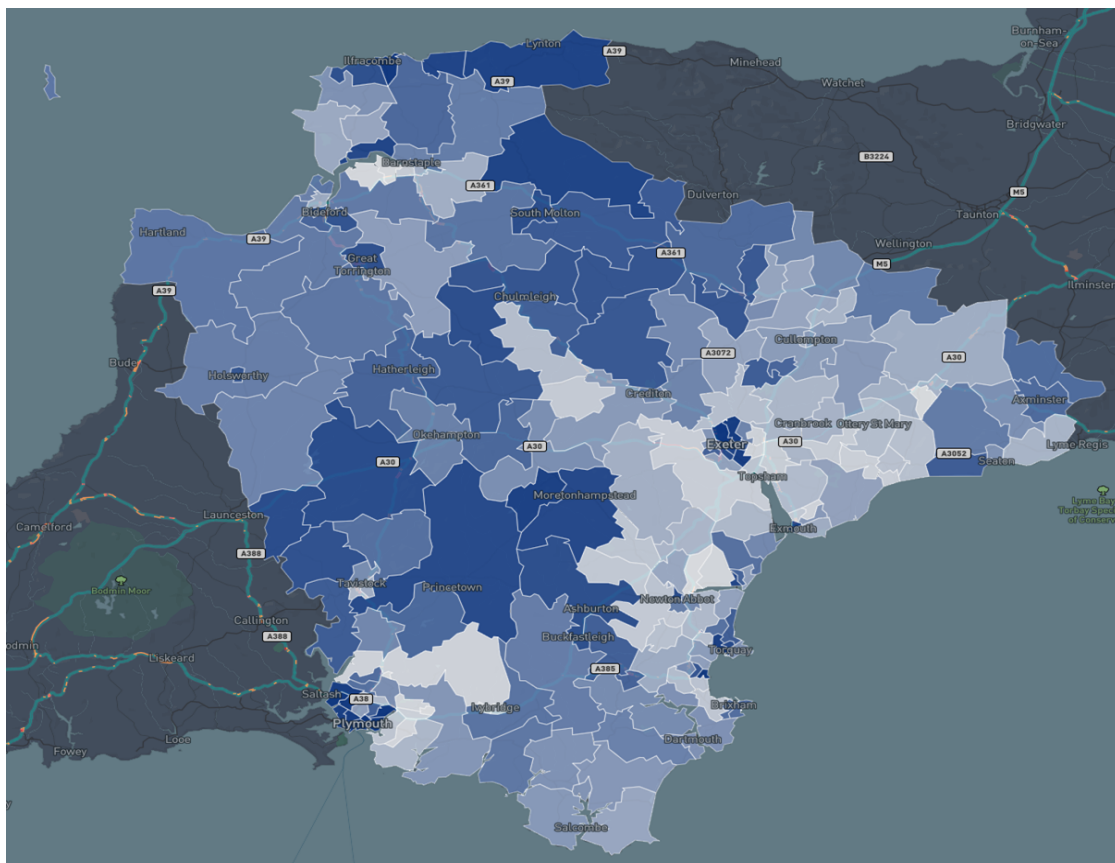
(Note; for these maps, as the shade of blue gets darker, this indicates more severe impact).

### Access to

Left: Overall vulnerability to the cost-of-living crisis

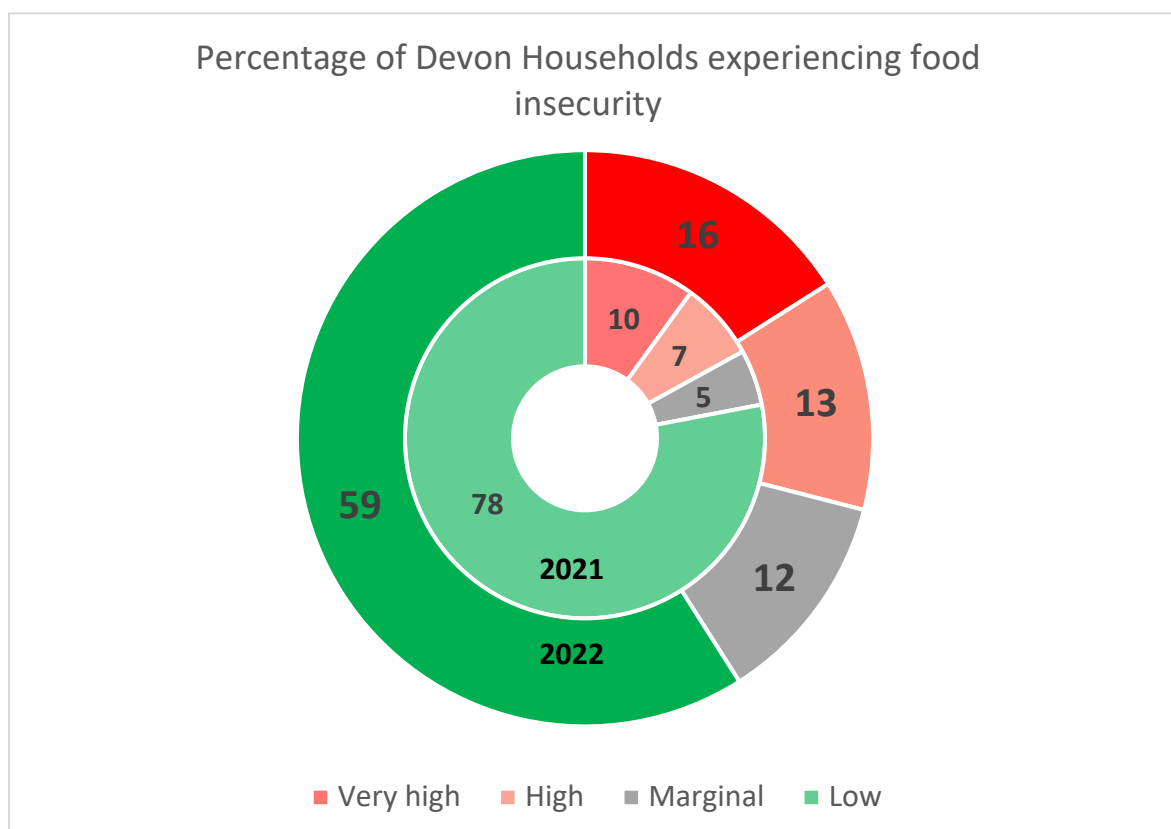


Right: Overall vulnerability to the fuel crisis



## necessities

4.6 Recent research into food and fuel insecurity in Devon undertaken by Public Health (Transform Research Consultancy , 2023), which was a follow-up from research done in 2021, demonstrated that food insecurity levels had increased from 17% in March/April 2021 to 29% in September/October 2022. Whilst this has not been consistent across all household types in Devon, it is broadly consistent with national trends. Households that have experienced the highest rates of food insecurity are the same as those identified in 2021 but the figures have increased. These are households with an income of less than £16,190 and with children (70% in food insecurity); single adult households with children (60%); households where the main respondent is long-term sick or disabled (58%); households where one or more people have a mental health condition (55%); and households where the main respondent is unemployed (55%).

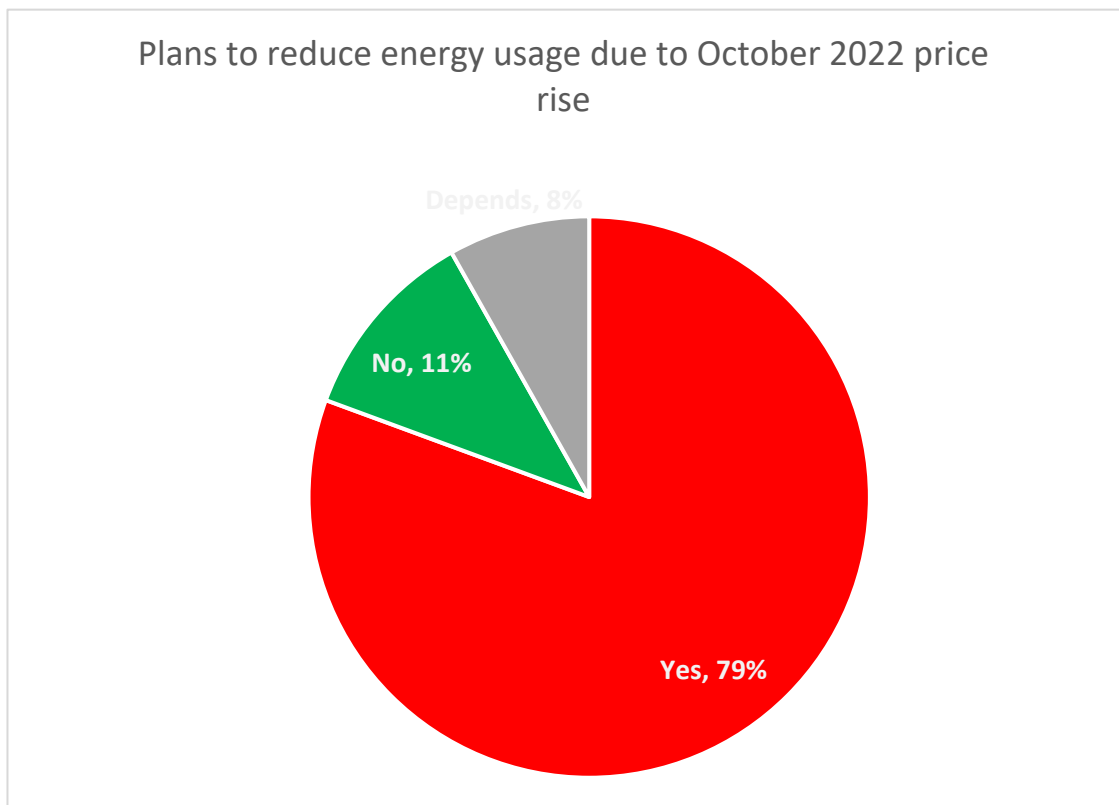


4.7 The overall proportion of Devon households who had accessed emergency food support in the past 30 days (at the time of the research) was at 5%, up from 2% from the same research in 2021. Of those accessing emergency food support, 70% had very low food security and 84% were in receipt of means tested benefits. It is also important to note is that 'food poverty' is not a binary term and can instead be measured through multiple factors such as the need to rely on low-cost foods, skipping meals, or even going without food entirely.

4.8 The combination of both increasing energy and food insecurity leaves families of low-income households with a dilemma, having to choose between heating and food. There exists a tangible link between levels of food insecurity and fuel insecurity with 80-90% of households experiencing food insecurity *a/so*



experiencing fuel insecurity. In terms of fuel insecurity and shown below, 79% of Devon households said that they were planning to reduce their energy usage with 36% planning to switch their heating off altogether (Devon County Council, 2023). Many of the categories of households most at risk of fuel insecurity are also challenged by food insecurity such as lone parent households, low-income households and those who are long-term sick, disabled or with mental / physical health conditions. Namely, the lowest-income families are the ones that are having to tackle both issues simultaneously despite being the least well-equipped to do so. Figures from the survey completed by Transform show how 36% of food insecure households “will not be able to afford to pay increased fuel prices (even with savings)” compared to just 3% of food secure households who responded to the same statement.



## Social and Financial Impacts

4.9 Citizens Advice Devon reported to the Spotlight Review that they had witnessed a significant increase in the number of people asking for help and support around fuel bills. This was alongside a decrease in the number of people asking for help around Council Tax arrears. This is highly unlikely to mean that individuals are not struggling with Council tax bills, rather that this reflected a change in people’s priorities where more immediate concerns had manifested. This is severely concerning as it suggests that more individuals will be struggling with debt and in turn Council tax collection may well decrease.

- 4.10 Areas that Citizens Advice Devon had seen an increase in support sought for included benefits, utilities and communications, and debt. They also reported that disabled people and single-person households were among the groups of people more severely impacted by the cost-of-living pressure which corroborates the research done by the Public Health team. Increases in hate crime has also been linked to the increase in cost-of-living pressures (The British Psychological Society, 2022).
- 4.11 The Spotlight Review also heard from Young Devon that, having grown up under austerity and now facing the lasting impact of the Coronavirus pandemic and the cost-of-living crisis, young people are now presenting with a high level of mental health issues. This is particularly notable in LGBTQ+ young people and those in lower-income households.
- 4.12 Older people are being heavily impacted by the cost-of-living crisis with many of them lacking the resilience to price changes and having to forego necessities such as medicine due to their financial concerns (Age UK, 2022). Women in particular are more at risk to these age-related cost-of-living impacts (Independent Age, 2022). Such impacts on older people can leave them feeling isolated and lonely as they are unable to afford travel to access vital services (Age Concern, n.d.). The kind of rurality seen in Devon which impacts not only on transport quality but also broadband connectivity, as well as increasing the distance from these vital services, heightens this risk. This follows on from the Coronavirus pandemic which had significant negative effects on old peoples' feelings of loneliness and isolation (Johnson, 2022).
- 4.13 Asian, Black and other ethnically diverse groups tend to work in lower income jobs even if well qualified, or are paid less than their white counterparts, and are therefore at more risk financially (Gov.uk, 2022). Those who have limited English language skills, as well, would naturally struggle with understanding of online claim forms and the Spotlight Review heard that they are more likely to privately rent, meaning they lose out on financial support and lack stability of accommodation. It was reported through the Equalities Reference Group that racist attitudes have also made it difficult for mosques to provide community support due to hostility towards Muslims; churches and other religious establishments do not tend to face these problems. Also reported was that racist views and other forms of identity-based harm tend to increase in times of hardship, with refugees, disabled people and single parents seen as a 'burden' on public services and spending. In addition, differing approaches to support for demographic groups can increase tension. For instance, older people being given support such as free bus passes, with young people feeling as if they are not being given the same level of consideration.
- 4.14 Young people are now presenting with a high level of mental health issues, having grown up under austerity and now facing the lasting impact of the Coronavirus pandemic and the cost-of-living crisis. This is particularly notable in LGBTQ+ young people and those with lower income, who are traditionally at higher risk of mental health difficulties (Mind, n.d.) (Mind, 2020). The cost-of-living crisis is also preventing women from fleeing domestic abuse due to financial links with, and coercion by, their abusers (Women's Aid, 2022).

4.15 The government's Autumn Statement, announced in 2022, reported that Universal Credit benefits are set to increase by 10.1% from April 2023 which should help people to meet the rising living costs and energy bills. However some contributors to the Spotlight Review observed that this was insufficient and that other measures such as increased Universal Credit rates may go further to alleviating poverty, with money-distributing measures such as the Household Support Fund unable to address the crisis alone. The Spotlight Review felt that there were inefficiencies and increased administrative burden to these systems, where for instance an uplift to existing benefits would be an efficient way to ensuring support for the most vulnerable already in receipt of benefits.

## 5. What help is available in Devon?

5.1 Nationally, the government has provided £37 billion in 2022 worth of support to households in response to the cost-of-living pressures (Gov.uk, 2022). Most significantly, £15 billion has been provided to support energy bills through the Energy Bill Support Scheme and the Energy Price Guarantee will limit the amount energy suppliers can charge per unit of energy (pence per kilowatt hour) (Gov.uk, 2022). In addition, the Government has initiated a series of Cost-of-Living Payments to around 8 million households on qualifying on low income or benefits, pensions, tax credits, disability benefits or winter fuel payments. Initially for 2022, the government has announced further Cost of Living payments into 2023 and 2024 (Gov.uk, 2023). The Spotlight Review was told that while a number of universal schemes were in place, 65% of support has gone to those in the bottom quartile who are most vulnerable.

5.2 Locally, the Department for Work and Pensions (DWP) has provided approximately £15 million to the Council since October 2021 via the Household Support Fund to assist with inflation and the cost-of-living increases. The fund is allocated to each local authority in England. It is up to each council to decide how they spend the money, with very different approaches being taken. It has not been possible to find out the different approaches of District Councils in Devon. It is reported that councils elsewhere have chosen to order affordable food boxes, while another has delivered energy saving packs including air fryers and slow cookers. A sum of money has been given to councils every six months since October 2021 and is supposed to help plug the gaps in support for struggling households.

5.3 Councils in England are being given a further £852 million for the Household Support Fund from 1<sup>st</sup> April for 12 months. Devon has been allocated an additional £10.1 million (Secretary of State for Work and Pensions, 2023).

5.4 Although much needed to fund immediate response, this fund can only have a limited, short-term impact in the face of reduced Council funding pre-dating the Coronavirus pandemic and the current rapid rise in cost-of-living pressures. Current support includes Free School Meals Holiday Vouchers; a minor rapid energy efficiency and improvement scheme via Sustainable Warmth available for eligible low-earners; Early Help support. The Council also advertises support on its website covering a variety of areas, as well as providing links to district council websites, all of whom are offering support tailored more to local issues (<https://www.devon.gov.uk/cost-of-living/>).

5.5 A budget of £112,000 has been allocated to the Communities team in the 2023/24 budget to help address poverty and community resilience in the wake of government grants ending and the £462,000 budget for the Community contracts has been reinstated after alternative funding was found for the 2022/23 financial year (Devon County Council, 2023).

5.6 One of the key roles of Devon County Council is the management and allocation of a variety of funding sources available to it. These include: the Growing Communities Fund, which can help organisations support people with the cost-of-living crisis, respond to the climate emergency, and help tackle loneliness and isolation as well as building self-reliance and community resilience; County Councillors' Locality Budgets, which can be pledged to assist not-for-profit organisations support communities in line with the Council's strategic aims; the Connecting You grant, aimed at tackling isolation particularly for those most at risk of feeling isolated (older people, those aged 16-24 and those with a physical or mental health condition); and the Multiply Fund, a grant scheme from the DfE to enable people to understand and use maths in daily life.

5.7 The County Council is involved in other enablers for building community resilience across a variety of teams within the Authority, including involvement with Recycle Devon, and community larders and fridges, which share the goal of reducing waste by facilitating repair, and in the case of food, re-use at no cost. The Council also provides a core grant for Citizens Advice Devon which provides free independent and impartial advice for Devon residents and has generated millions of pounds of financial improvements for the people of Devon (Citizens Advice Devon, 2021). This kind of community resilience work, which sees the Council and VCS work alongside one another to develop, pre-dates the most recent set of crises and has always been vital in reducing the susceptibility of the general population, particularly the most vulnerable, to the kinds of rapid-onset economic difficulties we have seen brought on first by the Coronavirus pandemic and now the cost-of-living squeeze. However, this requires long-term strategising by the relevant organisations, and therefore consistency of funding and support, which has not been available in recent years, limiting the capacity for community resilience to be built.

5.8 Spotlight Review heard that residents of Devon may not be wholly aware of the support that is available to them. This is both in terms of funding available to support individuals and families and community organisations. The nature of support ranges from alleviating the immediate cost-of-living crisis to longer-standing financial support such as that available through central Government. For individuals and families there are non-financial programmes designed to support Devon residents such as free library ICT services and community larders. The Spotlight Review believes there is further scope to communicate what is available in Communities across Devon.

5.9 Other work being done within the Council includes the development of a cost-of-living data dashboard, incorporating various sources of data to better understand the impacts of the cost-of-living crisis on Devon residents, including developing a nuanced and detailed understanding of needs and vulnerabilities on a micro scale across the county. Citizens Advice, who collect significant amounts of data

through their day-to-day work, have been in contact with the Council to share knowledge and collaborate in developing this understanding.

5.10 Council Tax was raised as the largest source of income for the County Council and the discretionary powers that had been given for the upcoming financial year to increase Council Tax for Devon residents to the 4.99% maximum limit, which was less than half the rate of prevailing inflation. There was a recognition that this would impact residents of Devon across the board, but that the Council was in a difficult position financially and needed to consider how money could be raised to deliver vital services in the national cost-of-living context.

5.11 Many districts in Devon are already consulting on or had implemented Council Tax reductions schemes, usually based on income and Council Tax band, to try and alleviate some of the financial concerns faced by those most vulnerable to increasing cost of living pressures. A number of Devon Districts are introducing changes to their schemes from 1 April 2023 which will see the maximum discount being increased to 100% for those of working age on the lowest income bands. People of pension age have always been able receive 100% discount (as this is a national mandated scheme). A detailed breakdown of the discount currently available and conditions is contained in Appendix 1, in summary the maximum discount available is detailed below:

<b>Authority</b>	<b>Maximum Discount</b>
East Devon District Council	85%
Exeter City Council	80%
Mid Devon Council	85%
North Devon Council	80%
South Hams District Council	85%
Teignbridge District Council	100%
Torridge District Council	75%
West Devon Borough Council	85%

## 6. Working with Partners to support residents

6.1 Devon Community Foundation is an organisation that facilitates grant-funding to groups and charities across Devon as well as undertaking programme work aimed at providing networking for groups and charities, linking them to potential avenues of support and developing collaboration. In December 2022 they undertook a stakeholder survey looking at the impact of rising costs on Voluntary, Community and Social Enterprise (VCSE) organisations in Devon. The headlines to the survey included:

- that most VCSE organisations are experiencing rising demand for the activities and services they provide with many struggling to meet that demand;

- rising costs are having a significant impact on VCSE organisations, with 75% of organisations reporting significant challenges meeting their core costs, over half seeing a significant drop in financial support coming from the public, and many having to dip in to reserves as a result;
- over three-quarters of VCSE respondents have applied for additional funding to support their operations; and
- there is overwhelming concern for the wellbeing of staff and volunteers, with recruitment and retention issues arising. Staff are having to deal with both increased pressure within their roles and also impact of the cost-of-living crisis on their personal finances.

6.2 The Spotlight Review heard from Devon Community Foundation in trying to better understand these pressures. It was highlighted that household support money often comes with limiting requirements for funding, such as specifying that the funding cannot be spent towards the running costs of the organisation. This presented arguably unnecessary bureaucratic barriers that prevented, or at least made it more difficult, to ensure that funding was going to the right places and supporting those in need in Devon. These requirements also change depending on what source the funding comes from. It was expressed to Members that this flexibility – for CEOs and voluntary sector workers to have more freedom in distributing money to meet need – would be of significant help. This funding was also highly sought for, with significantly more voluntary sector organisations applying for the funding than awards made.

6.3 Many of the problems raised were corroborated by the Equalities Reference Group who raised that:

- one-year rolling contracts are not helpful as they limit the ability to recruit and retain high quality staff particularly where community development can take several years;
- contract prices are not increasing in line with increases in cost-of-living and inflation, impacting on VCS organisations;
- the VCS has often been relied on to ‘plug the gaps’ that public services could not and support early intervention. However, the capacity of the VCS sector to do this, in the face of growing costs, has severely diminished;
- there is a need for better partnership working and collaboration across public services and the sector.

## Impact upon volunteers

The Spotlight Review heard that the impact of the Coronavirus pandemic on volunteers should not be understated. The issues raised were threefold;

1. Volunteers are approaching burnout.
2. Many volunteers were not seeing improvements despite their efforts and that they 'had done their bit' (volunteer apathy).
3. That the cost-of-living crisis is seen as the fault of political actors, unlike the Coronavirus pandemic which was largely seen as a national concern of no one person's particular fault, which may breed disinterest among volunteers who feel that they should not be expected to clean up after failed government policy.

This means that volunteers are not coming forward as they have previously done, and is likely to affect the ability of the voluntary and community sector to support the endeavours of the public sector.

6.4 The review was also advised that far-reaching impacts of the cost-of-living crisis including (but not limited to) increases in abuse, levels of social exclusion and loneliness, substance misuse, mental health decline and pressure on carers, at a time when statutory services themselves are at crisis point, were predicted by the voluntary sector based on their previous experiences of economic downturn. Indeed, some of these impacts have been reported on by various organisations and are highlighted above.

6.5 Devon Community Foundation are undertaking a public sector appeal for existing donors and wider potential donors, seeking funding to specifically support the voluntary sector. This was in addition to the pots of funding made available by Government and reflects the serious nature of the voluntary and community sector's role in supporting Devon residents. There are also issues linked to Devon's rurality and limited infrastructure in West Devon and Torridge, with Devon Community Foundation finding it difficult to locate relevant charities and voluntary organisations in these areas to distribute funding to. It was expressed to Members that for rural inequality it is essential to build organisations with locally embedded relationships that would therefore understand those contexts.

6.6 The Spotlight Review was advised that there is significant evidence that the cost-of-living crisis was causing many organisations within the Voluntary and Community Sector to dip into their reserve funding, jeopardising their position in the medium- to long-term. Additionally, the cost-of-living crisis was exacerbating issues caused or impacted by the Coronavirus pandemic, which the sector had not yet recovered from in many areas; this has meant that the 'starting position' for many organisations in the sector was that of instability and, if prospects did not

improve, long-term unsustainability. Significant issues with staff burnout and wellbeing were also manifesting across the sector.

- 6.7 The succession of crises in a relatively short period of time has also meant that organisations that are not explicitly undertaking what could be defined as ‘crisis support’ work – for instance, directly supporting those with food insecurity – are struggling to find funding. This was concerning given the importance of medium to long-term voluntary work in crisis support where preventative work forms a large part in ensuring that Devon residents, and in particular the most vulnerable, are resilient to changes such as those seen during the Coronavirus pandemic and the cost-of-living crisis.
- 6.8 In their endeavours to support vulnerable people and the confusion of funding streams the Spotlight Review observed that there is a multiplicity of responses from across the public and independent sectors. This is evident in the similarities in the endeavours described to the review group. The Spotlight Review believe that closer collaboration and communication could mean a more efficient response in supporting those who need it the most.

## 7. Impact upon Devon County Council

- 7.1 The Council, its services and staff have not been immune to the cost-of-living pressures, particularly those associated with inflation. According to the Month 8 budget monitoring report, the Council is forecasting an underlying overspend of £33m in this financial year (2022/23) (Devon County Council, 2023). The underlying overspend has been due to rising prices and inflation and services that the Council provides costing more. For example, the price the Council pays for units of care has increased, the cost of placements in Children’s Services has increased and the rise in fuel prices in the school transport sector, where inflation runs closer to 30%.
- 7.2 The large overspend has prompted the Council to urgently review its budget position and a cross council working group was created to examine areas of expenditure and develop proposals to address the in-year financial challenges. As a result of the Council’s Financial Sustainability Programme, savings or additional income of £26m was identified, leaving a final predicted overspend at just over £7m (Devon County Council, 2023). Some of this work includes delaying corporate IT projects (£1m), reducing our offer to Adults aged 18-65 (£1m), reconfiguring short term services (£1.7m) and stopping £5.9m worth of grant funding.
- 7.3 Members of the Spotlight Review were concerned about the implications of these savings that were made and their cumulative effect on residents in Devon. The immediate cost of living impact on the workforce is the possibility that due to the savings required, a number of redundancies might need to be made. The Council issued a HR1 notice in November 2022, a formal notice that the organisation might be considering redundancies.
- 7.4 The recent staff survey reported that 25% of respondents were worried that their food would run out before pay day and 89% of respondents were doing something to reduce their energy usage. Witnesses told the Spotlight Review that there had



been an increase in staff using food banks and that staff had reported concerns about the affordability of their accommodation and the impact of increased mortgage rates.

7.5 In addition, there has been a reported use of staff coming into offices for warmth rather than working from home. Witnesses were unsure of how many staff were doing this and highlighted that it depends on a balance between the location of the office and the staff's home and the balance between energy and fuel costs.

7.6 The impact of fuel increases is also impacting upon the ability of staff to carry out routine parts of their role. Witnesses reported the concerns of staff who use a car to carry out essential duties and struggling to accommodate this in their monthly budget. Some staff planned to complete any visits just after to pay day to ensure they had the money to fill up their fuel tank to make necessary trips around the County. Staff currently claim back 45p per mile on travel expenses and this is paid at the end of the month in their salary. Witnesses highlighted that the Council can raise the rate. For example, the NHS pay 56p per mile but the 45p per mile rate is set by HMRC and paying over that rate means staff are liable for tax as it is counted as additional income, which may in turn have additional implications.

7.7 As a response to the rising fuel costs Children's Services have introduced a fuel card for Social Workers, which acts like a credit card and the money is taken from the employee's next salary. Whilst this is a lifeline for social workers concerned with fuel costs, it pushes the problem on rather than solving it and is only used to help with budgeting rather than reducing the cost of fuel and travel.

7.8 The Council is undertaking a review of pay, allowances and business travel to modernise the way in which we remunerates its staff, address recruitment and retention issues and create fairness and consistency in the applications of allowances across the Council. As part of this review, they are considering all aspects of business travel and options for supporting staff during a time of increased fuel costs.

7.9 Members and witnesses discussed the annual pay award for staff which for 2022/23 was a flat £1925 increase, the deletion of the first spinal point column and an additional day in annual leave. For the lowest paid staff, this was a large increase but for senior leaders this was a smaller increase and witnesses highlighted that private sector pay rose faster and this reduced local government's attractiveness as an employer. Witnesses told Members about staff moving to agency roles or other jobs with better pay in order to improve their financial situation.

7.10 Witnesses raised that the pay award for local government staff was getting later and later in the year. While the 2022/23 award was agreed and paid in November 2022, the previous year's (2021/22) was agreed and paid in March 2022. Whilst for many the backpay is a welcome bonus, for staff receiving universal credit and benefits, it causes significant difficulty due to the lump sum being paid at once. The later the pay award, the larger the backpay and the larger the impact on staff. Operationally, the backpay means that manual adjustments to

staff's details have to be made and, in some instances, the Head of HR having to write to the Department of Work and Pensions to resolve issues.

- 7.11 Using data from the ONS, the BBC reported in December 2022 that “private sector pay grew 6.9% between August and October 2022 while public sector pay grew 2.7%, and that this was among the largest differences ever seen between the two.” Overall pay is not keeping up with inflation, with the public sector seeing the lowest pay raises. The BBC also observed that when taking into account bonuses, private sector pay figures have overtaken public sector (Reuben, 2022).
- 7.12 Members were concerned to hear that there were reports of staff feeling embarrassed to come forward to get help and instances where staff had asked other colleagues to request help on their behalf. Members also discussed the possibility of Devon County Council providing its staff with a discount card comparable to the Blue Light Card which is available for the NHS, social care sector and armed forces, among others.

## 8. Conclusion

- 8.1 The Spotlight Review recognises that many of the factors that has led to the cost-of-living crisis are outside of the control of the County Council and that the Council has very limited levers in ameliorating the impact of these on the residents of Devon. Members are aware that the same causes have challenge the financial situation of the Council, limiting the Authority's ability to alleviate some of the hardships on the residents of Devon.
- 8.2 Members expressed their concern about the situation nationally and within Devon, the causes of which lie entirely beyond the purview of the County Council and likely to continue for years to come. The Council's ability to mitigate the effects on residents, families and businesses are limited. The Spotlight Review hopes that the future would see further support from central Government to meet the needs of those on low incomes and to allow the Local Authority and the Voluntary and Community Sector in Devon to provide impactful and robust help to its residents.
- 8.3 There is already significant work going on within the Voluntary and Community Sector, and the Council to support Devon residents. Much of this work pre-dates the cost-of-living crisis and the Coronavirus pandemic and is incredible valuable in providing support particularly for the most vulnerable. However, there are clear concerns about the capacity for the sector's work to continue long-term without adequate support and funding, with many organisations within the sector approaching breaking point
- 8.4 Conversations with the Voluntary and Community Sector have highlighted that long-term work tailored to build community resilience is key in lessening the impact of crises such as the cost-of-living pressures we see currently and the Coronavirus pandemic. The succession of these crises as well as progressive reduction in funding that enables the sector to support communities has left some areas of the population particularly vulnerable to the resulting pressures.

8.5 In its recommendations, the Spotlight Review has tried to propose realistic, practical measures that can help support Devon County Council employees and wider residents of the County in getting the help that they need.

## 9. Sources of evidence

The Spotlight Review heard testimony from a number of witnesses and would like to express sincere thanks to the following people for their contribution and the information shared.

<b>Alex Hosking</b>	Assistant Director of Finance and Public Value	Devon County Council
<b>Peter Lappin</b>	Head Accountant – Strategy and Compliance	Devon County Council
<b>Sarah Gibbs</b>	Consultant in Public Health	Devon County Council
<b>Phill Adams</b>	Service Manager, Economic Inclusion, Skills and Knowledge Economy	Devon County Council
<b>Steve Edwards</b>	Communities Collaboration and Resilience Lead	Devon County Council
<b>Maria Moloney-Lucey</b>	Public Health Intelligence	Devon County Council
<b>Marion Geare</b>	HR Strategy and Performance Manager	Devon County Council
<b>Steve Ryles</b>	Union Representative (UNISON)	Devon County Council
<b>Janie Moor</b>	Chief Executive Officer	Citizens Advice South Hams
<b>Dean Stewart</b>	Chief Executive Officer	Citizens Advice East Devon
<b>Nicola Frost</b>	Programmes and Development Lead	Devon Community Foundation
<b>Lee Tozer</b>	Partnership Manager	Department of Work and Pensions

The Spotlight Review also thanks the Equalities Reference Group, who submitted written evidence regarding the cost-of-living crisis to feed into the review

The Spotlight Review also places on record thanks and recognition to Connor Ridd, who completed the background and local data research for this report while on placement with the Scrutiny team as part of his undergraduate degree.

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## 11. Spotlight Review Membership

The Spotlight Review was chaired by Councillor Yvonne Atkinson and membership was as follows:

Corporate Infrastructure and Regulatory Services Scrutiny Committee	
Councillor Yvonne Atkinson	Councillor Marina Asvachin
Councillor Alistair Dewhurst	Councillor Jacqi Hodgson
Councillor Ian Roome	Councillor Jeff Trail
Health and Adult Care Scrutiny Committee	
Councillor Sara Randall Johnson	Councillor Carol Whitton

Councillor Rufus Gilbert, as Cabinet Member for Economic Skills and Recovery, was in attendance to the Spotlight Review meeting on Monday 19<sup>th</sup> December 2022.

## 12. Contact

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## 13. Appendix 1: Council tax reduction scheme summaries

All the councils below exclude passported benefits and other allowances from their counted income when determining their income band. Each council also include and exclude different individuals towards Council Tax, such as full-time students. Full lists can be found on the authority's website.

The table below shows the maximum possible discount for people of working age.

Authority	Maximum Discount
East Devon District Council	85%
Exeter City Council	80%
Mid Devon Council	85%
North Devon Council	80%
South Hams District Council	85%
Teignbridge District Council	100%
Torrige District Council	75%
West Devon Borough Council	85%

### [East Devon District Council](#) (Last updated on 22<sup>nd</sup> September 2022)

Council tax reduction for **people of working age**:

- Can be in or out of work, or in receipt of state benefits.
- Must pay at least 15% of their Council Tax.
- Discounts depend on income band: [About Council Tax Reduction - Council Tax Reduction for working age people - East Devon](#)

Council tax reduction for **people of pension age**:

- Can be in receipt of state benefits.
- Must have low savings (amount not specified)

You can apply directly through the East Devon Council website, and you are able to appeal against a decision.

There are also Exceptional Hardship Fund payments which provide extra financial help for Council Taxpayers that are in receipt of Council Tax Reduction and are experiencing financial difficulties. The application process for this can be found on their website and is given at their discretion.

### [Exeter City Council](#)

“the amount of a person’s maximum council tax support in respect of a day for which he is liable to pay council tax, shall be 80 percent”

[Council Tax Reduction](#) (Last updated on 15<sup>th</sup> December 2021)



Your council tax bill could be reduced by 25 percent and in certain circumstances by 50 percent.

Council tax reduction for **single occupiers**:

- If you are over 18 and living in your main home by yourself, you are entitled to a 25 percent discount. This can also apply if others in your household are not counted towards a Council Tax Bill.

Council tax reduction for people who are **disabled**:

- If your home has certain features which are essential to the wellbeing of a person with a disability.

Annexes occupied as part of the main home or by a relative and empty/unoccupied/unfurnished properties can qualify for a 50 percent discount.

Only Single occupier discounts can apply directly on the Exeter City Council website, the others much contact them directly.

**Mid Devon Council** (Last updated for 2022/23)

Council tax reduction for those of **working age**:

- You must own or rent your home whether you're unemployed or working.
- Discounts depends on your income band: [Who can apply for Council Tax Reduction? - MIDDEVON.GOV.UK](#)
- Must pay at least 15% Council Tax.

Council tax reduction for **pensioners**:

- You can get up to a 100% reduction.

Anyone with savings or capital over £6,000 will not qualify for Council Tax reduction

Exceptional Hardship – the council may be able to help if you are unable to pay your full Council Tax under certain conditions, there is an online application form.

You can apply for a Council Tax Reduction directly on their website and can appeal a decision.

**North Devon Council** (Last updated for 2021/22)

Council tax reduction for people of **working age**:

- Must pay at least 20% of their council tax, discounts of 80%, 64%, 48%, 32%, 16% or no discount.
- Discounts depend on your income band: [CTR for people of working age \(northdevon.gov.uk\)](#)
- Applicants with savings above £6,000 will not qualify.

Council tax reduction for people of **pension age**:

- Must have low savings.

There is also an exceptional hardship payment fund that provides help to those who need financial assistance under certain circumstances. More can be found here: [Exceptional hardship payment \(northdevon.gov.uk\)](http://northdevon.gov.uk).

You can apply for Council Tax reduction directly on their website, you can also appeal the decision.

### [South Hams District Council](#) (Last updated for 2022/23)

Council tax reduction for people of **working age**:

- Must have less than £6,000 in savings.
- Discounts depend on your income band: [Low Income - Council Tax Reduction - South Hams District Council](#)
- Must pay at least 15% percent of income tax.

Council tax reduction for people of **pension age**:

- Must have savings less than £16,000.

There is an Exceptional Hardship fund which offers short-term help to those who get Council Tax Reduction and are struggling to pay it.

You can apply on their website and appeal a Council Tax Reduction decision.

### [Teignbridge District Council](#) (Last updated on 15<sup>th</sup> December 2022)

Council tax reduction for people of **working age**:

- You are able to receive 25% to a 100% discount depending on your income band: [Council Tax Reduction - Working age council tax reduction - Teignbridge District Council](#)
- You cannot have savings / capital of more than £6,000.

Council tax reduction for people of **pension age**:

- Low income (not specified)

There is also a Single Persons Discount – for when you live on your own or all the other people in your household are under 18, you can get 25% off your Council Tax.

There is an Exceptional Hardship scheme for taxpayers who are experiencing financial hardship regarding paying Council Tax liabilities.

You can apply directly on their website.

### [Torridge District Council](#) (Last updated for 2022/23 - 14<sup>th</sup> February 2022)

Council tax reduction for people of **working age**:

- Council tax liability reduced to 75% before any council tax support is awarded.
- Must not have more than £6,000 in savings / capital.

Council tax reduction for people of **pension age**:

- Pensioners must have a low income and less than £16,000 in savings.

- Pensioners must still pay Council Tax but may be able to get a discount if they live alone and various other circumstances.

There is also an Exceptional Hardship Fund in place if taxpayers need additional financial support.

Must contact the council directly to claim this discount.

### **West Devon Borough Council** (Last updated for 2022/23)

Council tax reduction for people of **working age**:

- Must not have more than £6,000 in savings / capital.
- Must pay at least 15% council tax, depending on your income band: [Low Income - Council Tax Reduction - West Devon Borough Council](#)

Council tax reduction for people of **pension age**:

- Must not have more than £16,000 in savings.

There is an Exceptional hardship fund which offers short-term help to taxpayers who get Council Tax Reduction, and they are struggling to pay their Council Tax liability.

You can apply on their website and appeal any Council Tax Reduction decisions in writing.

Prepared by the finance team for the Spotlight Review.