



## Mayor and Cabinet

### **Report title: The cost-of-living crisis in Lewisham and future outlook**

**Date:** March 2024

**Key decision:** No

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Insight & Delivery team; cost-of-living Programme Manager; Head of Revenues and Benefits; Director of Public Health; Exec Director for CYP

### **Outline and recommendations**

The report sets out the impacts of the cost-of-living programme in Lewisham to date, particularly initiatives funded through the Household Support Fund. The report asks that, despite the apparent end of the Household Support Fund, Mayor and Cabinet consider longer-term anti-poverty action.

### **Timeline of engagement and decision-making**

- The cost-of-living programme was initiated in September 2022 following corporate approval for programme management funding
- Resources were harnessed to deliver a programme of support up to March 2024, using resources including the Household Support Fund, Public Health funding and external funding from health partners
- In April 2023, Cabinet approved delegated authority for the distribution of the Household Support Fund to the Cabinet Member for Finance and Strategy, and the Executive Director for Corporate Resources
- As of January 2024, no further Household Support Fund has been announced, meaning that dedicated cost-of-living support is due to end in March 2024.

## 1. Summary

- 1.1. Before 2020, the impacts of austerity, budget cuts and stagnation of benefits was already driving increasing vulnerabilities nationally and locally. The Covid-19 pandemic, the energy crisis, unprecedented inflation, and the resulting cost-of-living crisis has worsened impacts considerably, widening inequalities for marginalised groups and creating new vulnerabilities in households that previously were more resilient to change.
- 1.2. Since late 2022, the council's cost-of-living programme has delivered crisis support to vulnerable residents predominantly via cash-first approaches but also incorporating longer-term sustainable solutions in partnership with the voluntary and community sector. With the apparent end of the Household Support Fund, which delivered £13m of support between 2021-24, the initiatives delivered under the cost-of-living programme are set to end between March-September 2024.
- 1.3. With inflation reducing and energy prices coming down, some sources are foreseeing the end of the cost-of-living crisis. This report seeks to explore why the crisis will have impact for years to come; considers the outlook of poverty in Lewisham; and asks for specific support to drive an anti-poverty direction in Lewisham.

## 2. Recommendations

- 2.1. Mayor and Cabinet are asked to note the research and analysis undertaken in this report in relation to the outlook of poverty in Lewisham Council.
- 2.2. Mayor and Cabinet agree that officers explore how a longer-term strategy can be put in place together with resourcing options

## 3. Policy Context

- 3.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):
  - 3.1.1. Cleaner and Greener
  - 3.1.2. A Strong Local Economy
  - 3.1.3. Quality Housing
  - 3.1.4. Children and Young People
  - 3.1.5. Safer Communities
  - 3.1.6. Open Lewisham
  - 3.1.7. Health and Wellbeing
- 3.2. In particular, this report is closely aligned to priorities:
  - 3.2.1. Children and Young People because it links to targeted support for families in crisis, and through work to mitigate childhood hunger
  - 3.2.2. Open Lewisham because of the strength of our collaboration with the voluntary and community sector
  - 3.2.3. Health and Wellbeing because of the collaborative work with Food Justice and Health Inequalities workstreams.

## 4. Background

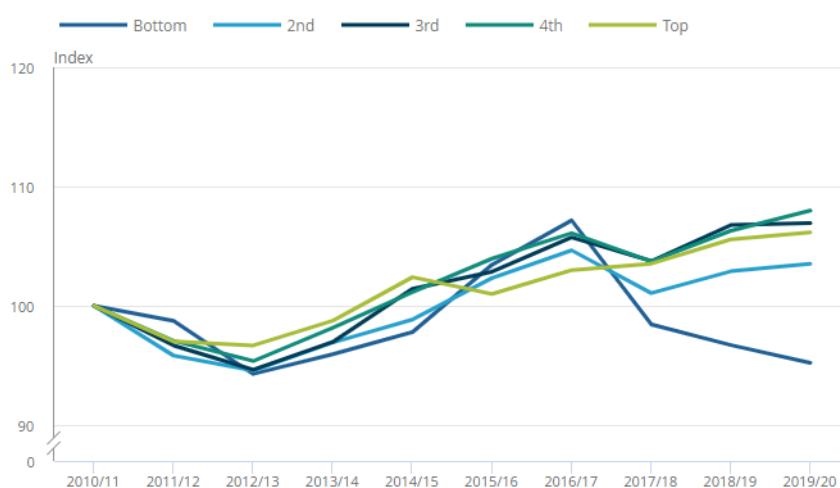
### Prior to 2020

- 4.1. In 2020, the world changed. The Covid-19 pandemic caused serious disruption to the world's economy, which led to rising inflation and a global energy crisis. However, in the years

preceding the pandemic, low-income families were already experiencing a real-term reduction of incomes and social welfare support.

- 4.2. The Institute of Fiscal Studies found that in the decade leading up to 2020, income among the lowest earners has not kept pace with other income groups.<sup>1</sup> Income of the lowest 10% earners was almost unchanged between 2013–14 and 2019–20. The Office for National Statistics (ONS) found that in the decade before the pandemic, the median disposable income for those in the lowest income quintile (the bottom 20%) reduced – meaning that lowest-income earners in 2020 earned less than they would have in 2010 (adjusted for inflation.)<sup>2</sup>

**Median equivalised household disposable income of individuals by quintile group, financial year ending (FYE) 2011 to FYE 2020**



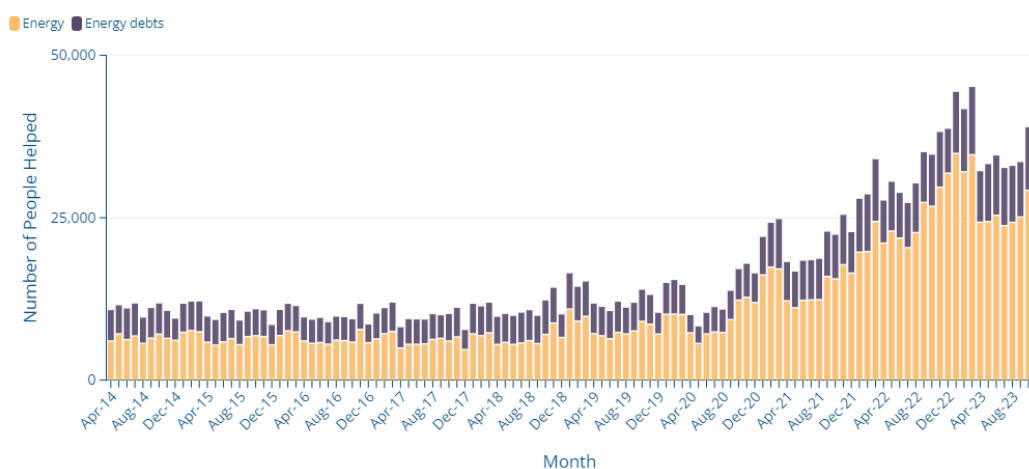
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- 4.3. In the decade after 2010, national austerity measures resulted in significant cuts to social services, including a reduction in local authority spending power of 17.5% between 2009/10 and 2019/2020 due to a significant reduction in central government grants.<sup>4</sup> The most deprived local authorities experienced the largest falls in spending power, as central government grants had constituted a larger share of their overall income.
- 4.4. The introduction of Universal Credit brought further changes to social welfare provision, including new structural challenges for claimants, as reported by the Child Poverty Action Group in 2019.<sup>5</sup> Reported challenges include a rigid system of monthly assessment, strong reliance on automatically generated information, lack of support for those who struggle to manage their claim online, difficulties with the payment of childcare costs, and poor communication of award calculations and challenge rights. Further, the report presents evidence that the mandatory five week wait for the first Universal Credit payment is linked to growing destitution, as it becomes a key driver of food bank use. In 2019, the Institute for Fiscal Studies observed that the introduction of Universal Credit had disproportionately reduced incomes among poorer adults.<sup>6</sup>
- 4.5. In 2016, The UN Committee on the Rights of Persons with Disabilities considered the impact of welfare reform since 2010 on disabled persons. The report mentions the reduced provision of social services including changes in housing benefit entitlement, eligibility criteria for Personal Independence Payment and social care, and the ending of the Independent Living Fund. It also discusses follow-on effects because of unmet support need such as the increased use of food banks and the rise in homelessness. The report concludes that the national policy of austerity had had a disproportionate impact on the most vulnerable<sup>7</sup>.
- 4.6. Annual benefits uprating to adjust social welfare benefits for inflation was limited to 1% for a

period of three years from 2013/14, and then frozen for four years from 2015/16 onwards.<sup>8</sup> According to Citizens Advice Bureau this had a direct effect on household budgets and resulted in an increase in households who struggled to meet basic expenses.<sup>9</sup> From April to August 2019, 40% of clients helped with debt who claimed income-related benefits were found to have a negative budget.

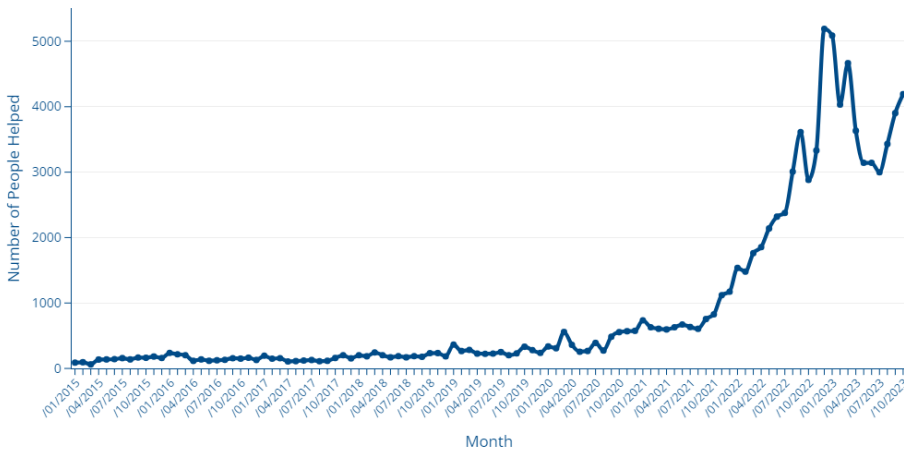
## Post 2020

- 4.7. The Covid-19 pandemic of 2020 had impacts at all levels. There is much evidence to demonstrate the link between the pandemic and the subsequent sharp increase in inflation (the annual rate of inflation reached 11.1% in October 2022, a 41-year high<sup>10</sup>); and the energy crisis that began in 2021; both also driven by the Russian invasion of Ukraine<sup>11</sup>.
- 4.8. The Joseph Rowntree Foundation report “Destitution in the UK<sup>12</sup>” finds that approximately 3.8 million people experienced destitution in 2022, including around one million children. This is almost two-and-a-half times the number of people in 2017, and nearly triple the number of children. Destitution is defined as a severe form of poverty where people cannot afford to meet their most basic physical needs to stay warm, dry, clean and fed.
- 4.9. The impact of the pandemic at a more granular, household-level, saw families experience “significant deterioration in their living standards as a result of coronavirus, caused by a combination of a drop in income and rising costs.<sup>13</sup>” Since 2020, Citizens Advice Bureau (CAB) have reported growing demand for support with energy bills and energy debt, and increasing need for charitable / food bank support, corroborated by evidence from the Trussell Trust. Indeed, Lewisham branches of both Citizens Advice Bureau and the Trussell Trust have reported significant increase in local demand during and following the pandemic.



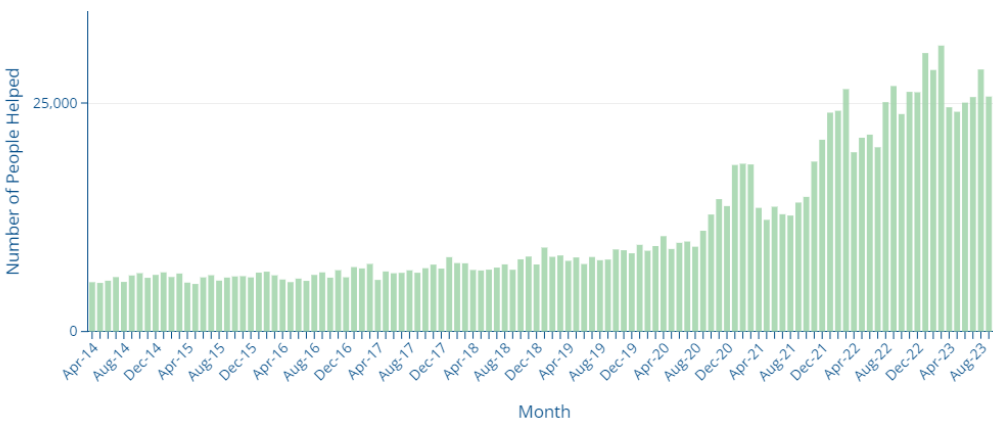
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The number of people we've seen who can't afford to top up their prepayment meter each month



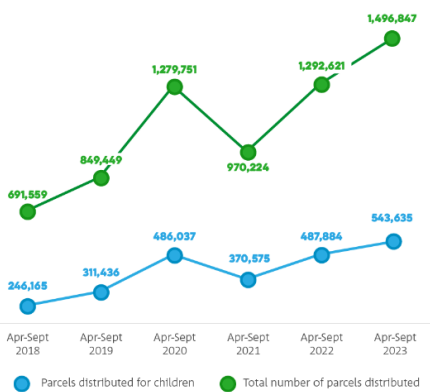
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Charitable Support and Food Banks



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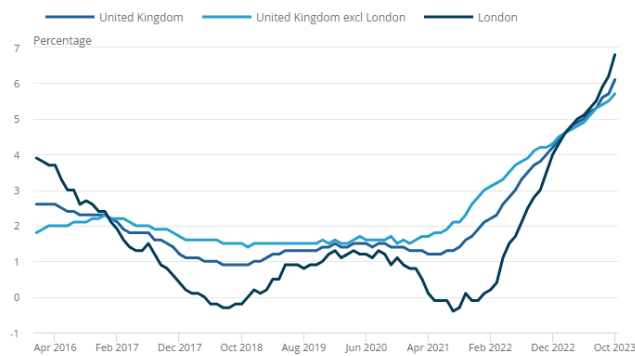
**NUMBER OF EMERGENCY FOOD PARCELS DISTRIBUTED BY FOOD BANKS IN THE TRUSSELL TRUST NETWORK**



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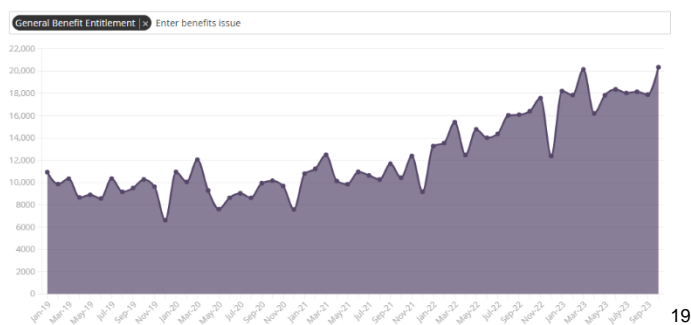
4.10. The cost of housing has exacerbated pressures on households. Since 2021, private rents have increased both nationally and in London. During 2020-2021 London saw reductions in the annual growth rate, but since mid-2021 rent prices have increased at an historic pace, reaching a current peak of 6.8% rent price increase over the preceding 12-month period<sup>18</sup>.

Private rental price percentage change over 12 months, UK and London, January 2016 to October 2023



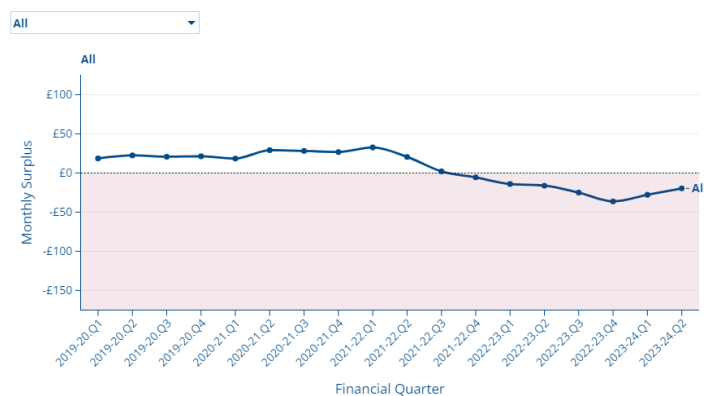
4.11. Because of these pressures, CAB is seeing an increase in demand for benefit entitlement reviews.

The number of people we've helped with benefits issues since 2019

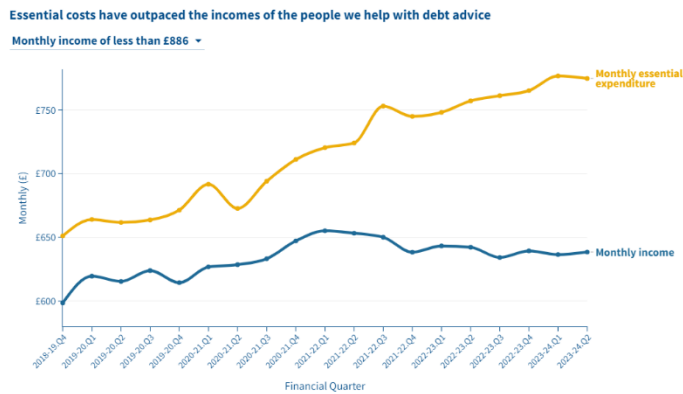


4.12. The increasing costs of living are also having a demonstrable negative effect on household financial wellbeing – i.e., increasing the prevalence of negative budgets and household debt. CAB clients seeking debt advice are increasingly falling into negative budgets as shown below. The Financial Conduct Authority (FCA)'s regular "Financial Lives" household survey found that, in January 2023, 11% survey respondents were unable to meet debt payments or bills (a 30% increase since May 2022).<sup>20</sup>

Average Monthly Surplus among debt clients by group



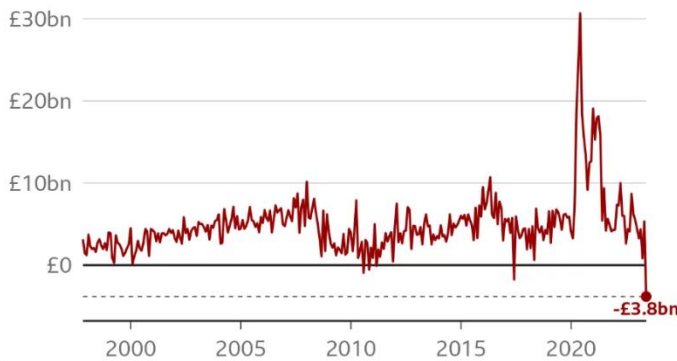
4.13. This growing income gap is especially acute among households on the lowest incomes. Among people with a monthly income below £886, the average income gap in early 2019 was a monthly deficit £50/month, which, by late 2023, has grown to a monthly deficit of £130.



4.14. In May 2023, BoE reported<sup>23</sup> that households withdrew £4.6 billion from banks and building societies, which marked the highest level of household cash withdrawals since October 1997. Commentary by the BBC<sup>24</sup> suggests this was partly due to persistently low interest rates on savings accounts, and partly due to ongoing financial pressures on households.

### Savings withdrawals highest on record

Net flow of household deposits & national savings, May 2023



Source: Bank of England



4.15. Pressures on households are also generating a proliferation of new types of debt, including deferred payment credits (DPC), also known as “buy now, pay later” purchases. The FCA found a significant increase in DPC use between 2022 and 2023, with 27% of UK adults saying they had used it at least once in the six months to January 2023, up from 17% who said they had used it in the 12 months preceding May 2022. Adults with characteristics of vulnerability were more likely to report using DPC and to report using it frequently<sup>25</sup>.

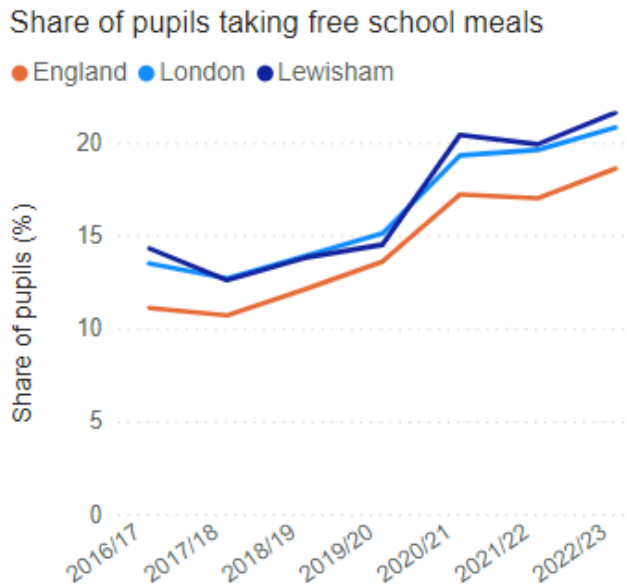
## 5. The cost-of-living crisis in Lewisham

5.1. The pressures arising from the situation following the pandemic became a defined “cost-of-living crisis” in late 2021 – whereby “the cost of everyday essentials like food and bills increases more quickly than average household income<sup>26</sup>”. Many Lewisham residents are particularly vulnerable to the situations explored above due to relatively low incomes and higher deprivation.

5.2. To illustrate the impacts felt by Lewisham residents:

5.2.1. There is increasing evidence for growing food poverty in the borough, evidenced in November 2023 by a 42.5% increase in demand for Lewisham Foodbank support since the previous year. Over 20,000 people received support in 2023<sup>27</sup>. Anecdotally we have heard that food projects are struggling to meet demand, which is now far outstripping donations.

5.2.2. Across the board there has been a steady increase in the number of children taking Free School Meals – but the share of pupils doing so in Lewisham is higher than both London and national figures:

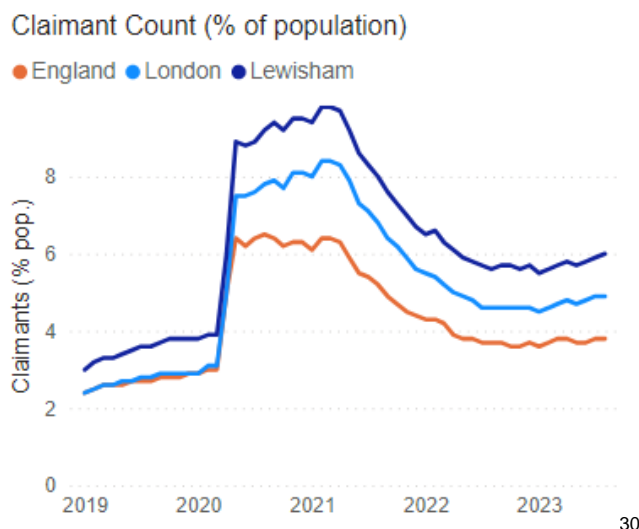


Source: Department for Education (DfE).

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- 5.2.3. Trust for London poverty indicators show that a third of children in Lewisham are living in poverty (that is, living in households with an income of less than 60% the UK median after housing costs have been subtracted). This is broadly the same as the average London borough, but slightly worse than England statistics<sup>29</sup>.
- 5.2.4. Although unemployment rates in Lewisham are broadly comparable to London figures, the ONS Claimant Count (a combined measure of persons receiving unemployment benefits) in Lewisham has continuously exceeded both the London and national average.
- 5.2.5. Claimant Count reached a peak during the height of the pandemic; late 2022 saw lower levels but still almost double the pre-pandemic rate. In 2023 we are seeing a slow increase which is particularly evident in Lewisham:



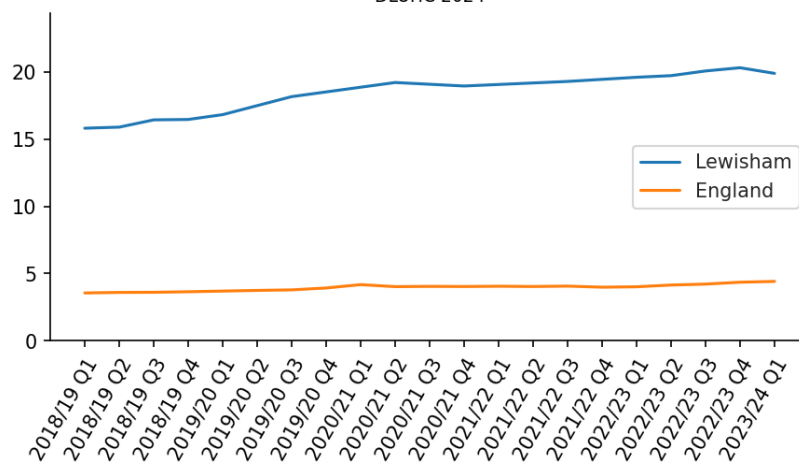


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5.2.6. In terms of financial wellbeing, newly-modelled Experian data shared with the GLA provides predictions for average monthly income after expenses, for different Lewisham population groups. The data shows a doubling of Lewisham households in negative monthly budgets, from 637 households in 2022 to 1,229 in 2023, and predicts a significant further increase for 2024<sup>31</sup>.

5.2.7. Lewisham has seen a steady increase of number of households in temporary accommodation, from 2,036 in Q1 2018/19 to 2,664 in Q1 2023/24. While a similar trend was observed across England, the Lewisham rate in relative terms is 4.5 times above the England average.

Households in temporary accommodation (per 1,000)  
DLUHC 2024



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## 6. Lewisham's response

6.1. In early 2022 a research task group was convened to investigate the effects of the cost-of-living crisis on Lewisham residents. This group burgeoned into a programme team, tasked at developing appropriate responses and aligning resources to deliver them. Since September 2022, this programme team has capitalised on strategic partnerships and various funding streams to deliver a wide range of support, including:

- 6.1.1. Investing over £8m of Household Support Fund (HSF) to combat child hunger - through Free School Meals (FSM) in the holidays, extending FSM to low-income families that don't qualify, and allowing schools to increase healthy food provision to pupils facing food poverty

- 6.1.2. Investing over £200k of Public Health and local area NHS funding into our food justice programme, aimed at combatting food insecurity in Lewisham. This included a community grants scheme to support local food-giving projects (such as foodbanks, social supermarkets, community pantries and delivery services) to meet the increasing demand brought about by the cost-of-living crisis
- 6.1.3. Funding community energy partners to deliver practical support to households facing fuel poverty, exacerbated by the energy crisis. This support has included warm packs, financial support through grants and vouchers, help with energy debts and improvements to heating systems. In 2022-23 this programme, along with the South London Healthy Homes programme, helped over 1,150 households
- 6.1.4. Investing in local advice services to increase capacity and locations. Almost £370k, funded through the Household Support Fund and Public Health, has enabled advice partners to support an additional 1,705 clients (as at December 2023), with income gains of over £507k to date. Other outcomes include referrals to food banks, advocacy and mediation, debt support, and help to access other forms of support.
- 6.1.5. Contacting over 1,200 households to increase uptake of Pension Credit, leading to an additional annual income of up to £1.6m for 444 households
- 6.1.6. Funding employment support partners with £75k to help residents experiencing in-work poverty to improve their employment situation through higher wages and / or more secure hours. The programme is supporting 50 residents to date, and participants are reporting increased incomes, enhanced skills, increased confidence, or completion of an accredited qualification.
- 6.1.7. Investing almost £140k into a small grant scheme for essential items, delivered by our voluntary and community partners. The grants allow residents facing hardship to purchase items that can make a real difference, such as white goods, computers, ID documents, bicycles and more
- 6.1.8. Distributing over £3m of Household Support Fund in cash payments to support residents most affected by the cost-of-living crisis. We've made these payments to thousands of households at risk of hardship, including those in receipt of benefits but not entitled to central government cost-of-living payments
- 6.1.9. Securing funding from local health partners to deliver a Warm Welcomes programme for the last two winters, in partnership with voluntary and community sector groups. In winter 2022-23, 52 x Warm Welcomes spaces supported an estimated 10,000+ visitors. 84% of surveyed users found that the spaces helped them feel more connected and reduced social isolation, in addition to keeping them warm. Qualitative data collected from resident interviews was humbling, including one example where a resident attributed their local community group (part-funded by Warm Welcomes) to alleviating suicidal thoughts. It was evidence such as this that resulted in Lewisham's Mental Health Alliance awarding ICB winter pressures money to fund a second year of Warm Welcomes
- 6.1.10. Identifying over 500 families potentially eligible for Pupil Premium funding and FSM. Through auto-enrolment we have created an additional £1.2m additional funding for schools across the borough
- 6.1.11. Investing in data systems and infrastructure to help us better reach vulnerable residents and help them to access the support they need – such as the Policy in Practice [Low Income Family Tracker \(LIFT\)](#) and [BetterOff](#), a single assessment tool designed to better help residents access the benefits and concessions they're entitled to – particularly important given that an estimated £19 billion of welfare benefits go unclaimed every year<sup>33</sup> - £2 billion of this in London alone

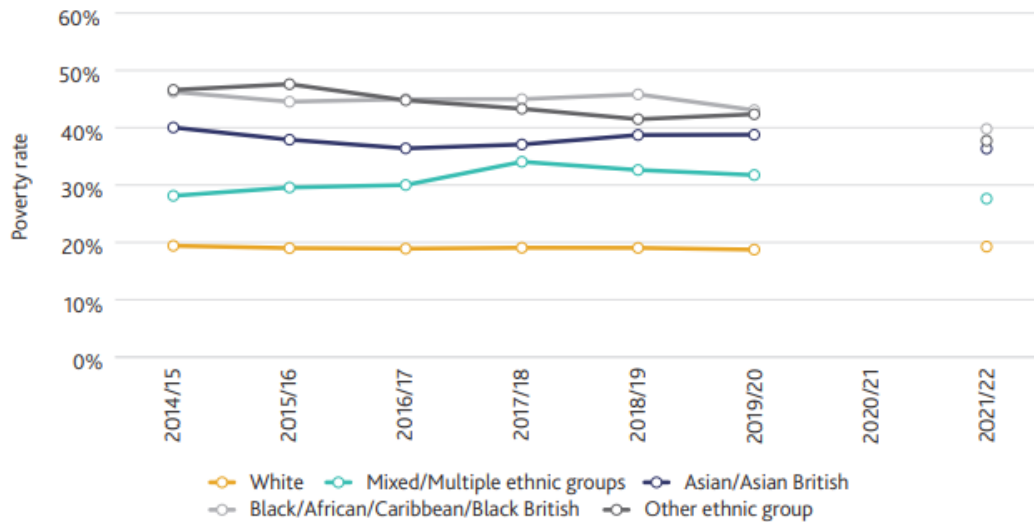
Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 6.1.12. Improving promotion of support available across the borough, with printed posters and leaflets, our [cost-of-living webpage](#), and cost-of-living roadshows.
- 6.2. As explored above, support has been delivered in a joint effort with partners, both within and outside of the council. The voluntary and community sector has been a fundamental channel by which to help the thousands of residents that we've been able to reach via the cost-of-living programme.
- 6.3. Unfortunately, most of the initiatives above are only short-term interventions due to the transience of funding streams. Furthermore, the breadth of our response is severely limited by funding and human resource capacity, whether paid staff or volunteers. Despite the clear impact demonstrated above, the data regarding negative budgets (sections 4 and 5) suggest that, even in combination, dedicated cost-of-living national and local support schemes have been insufficient to alleviate the pressures for many.

## 7. Outlook for the UK and Lewisham – an increase in endemic poverty?

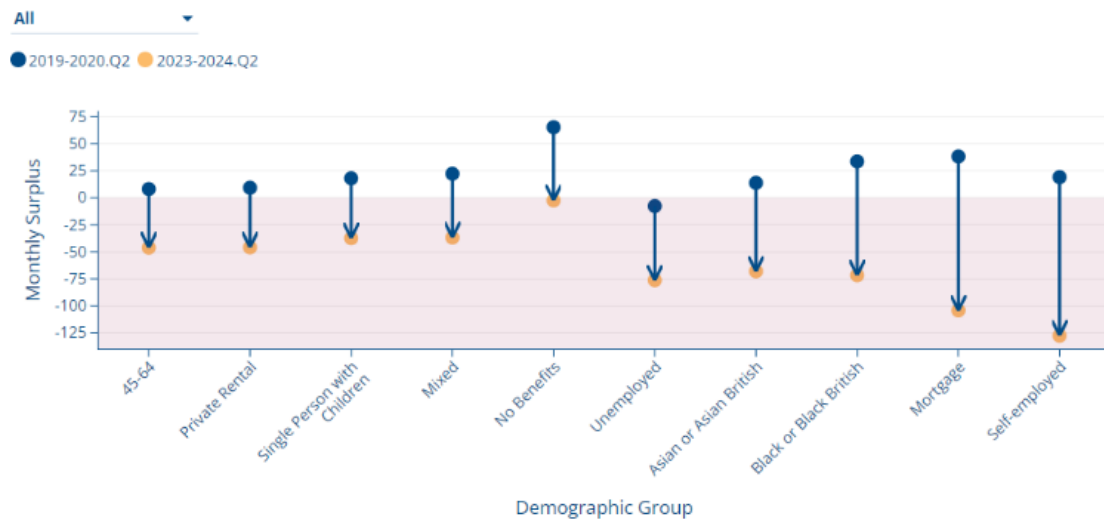
- 7.1. In November 2023, inflation dropped to 3.9%; the lowest level in more than two years. However, this does not herald the end of the cost-of-living crisis for many. The Resolution Foundation warns that “recent significant falls in inflation... should not be taken as indicating that the pressure on households has disappeared... With food insecurity remaining far higher than normal, the cost-of-living crisis is far from over. This is despite the welcome news that average pay levels are growing once again, in part because a new cost pressure is building: rising housing costs. Renters are most likely to be affected, but those seeing their mortgages rise are seeing the biggest rises.<sup>34</sup>”
- 7.2. An article by the Big Issue states that “According to the Resolution Foundation’s annual Living Standards Outlook for 2023, the cost-of-living crisis should ease in 2024. But it won’t fully be over until wages catch up for all households... real wages compared to prices are not expected to return to 2021 levels until 2027. For the typical household, incomes are actually set to be below pre-pandemic levels in real terms even in 2027-2028.<sup>35</sup>”
- 7.3. In London, as demonstrated in section 4, support needs are at an historic high. Rent is rising at an unprecedented rate and homelessness is steadily increasing. The Autumn Statement gave welcome news that Local Housing Allowance (LHA) rates are being unfrozen for the first time in four years; however the Resolution Foundation calls this a “temporary thaw”. They state “when LHA rates are increased next April, thousands more households will run up against the benefit cap, which will not be uprated next year... Second, the Chancellor confirmed his intention to freeze LHA rates once again from 2024 onwards.<sup>36</sup>”
- 7.4. The Foundation also explains “this sporadic thawing then freezing of the LHA is a sub-optimal way to support low-income renters with housing costs, creating arbitrary shortfalls between rents and housing support that differ drastically by area and over time. This puts intense pressure on low-income households – and cash-strapped local authorities who are often relied upon to provide emergency support – until the next reset occurs.<sup>37</sup>”
- 7.5. Pressures associated with rising costs subsequently lead to further widespread vulnerabilities. Bromley-by-Bow Centre states “The impacts of inflation, the rising cost of fuel, food and other essentials on low-income households are leading to significantly poorer living standards, increased poverty and debt, and widening inequalities in health.<sup>38</sup>” The impacts are disproportionately felt by households already more vulnerable to poor health outcomes and experiences, for example “migrants and refugees, single parents, ethnic minorities, and those living with long-term illnesses, disabilities or mental health conditions<sup>39</sup>”
- 7.6. The Social Metrics Commission 2023 annual report<sup>40</sup> contains detailed poverty estimates with breakdowns by circumstance and demographic factors, including ethnicity. For example, it finds that in 2021/22 40% people in families headed by someone of Black / African / Caribbean / Black British ethnicity were in poverty:



Source: Family Resources Survey and HBAI dataset (2014/15 – 2021/22), SMC Analysis.

7.7. Many households have seen a shift in their monthly budget, and among many population groups this has resulted in a negative monthly balance, a circumstance where a person or household gradually depletes their savings or accumulates debt to meet basic expenses. Some population groups are more affected than others:

**Top ten largest changes in average monthly surplus since the same time in 2019**



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7.8. Citizens Advice Bureau's cost-of-living data dashboard shows the following information:

- 7.8.1. Among those who are unemployed or self-employed and seek CAB debt advice, almost 60% are in a negative monthly budget, making it impossible to clear debts in the short term
- 7.8.2. Single parents and single adults are the household type most impacted by negative budgets
- 7.8.3. People of black or Black British, Asian or Asian British, and mixed heritage are more severely affected by negative budgets than people of white heritage
- 7.8.4. People who are disabled or living with a long-term health condition are more severely affected by negative budgets than people who are not disabled / living with a long term condition<sup>42</sup>.

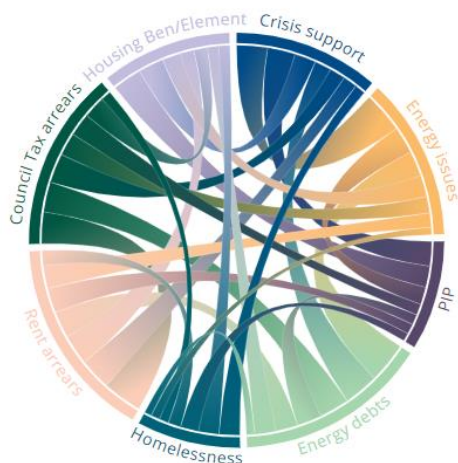
- 7.9. Experian estimates on disposable income show that, among the Lewisham population groups experiencing increased risk of being in negative household budget, particular increase is seen among social renters, residents above 50 but below retirement age, and residents in single female households<sup>43</sup>.
- 7.10. It is evident from the above that Lewisham, and the UK, are facing new systemic risks and pressures beyond those that were occurring pre-pandemic, potentially accelerating an increase in endemic poverty, particularly in those demographic groups already more vulnerable to changes in circumstances and poorer outcomes.

## 8. Implications for support provision

- 8.1. As of January 2024, the UK government has not been forthcoming with confirmation of a fifth Household Support Fund. The Autumn Statement offered some hope in terms of benefits increasing in line with inflation, LHA rates being unfrozen and reductions in National Insurance contributions, but, as explored in part above, it is unclear whether these measures are enough to reverse the impacts of the cost-of-living crisis to date. IPPR states “[The Autumn Statement’s] social security measures will bring welcome relief to many. But with housing support due to be frozen again next year, much more will be needed to drive a meaningful reduction in poverty over the long term. For many households, uprating universal credit from next April will not compensate for the loss of £900-a-year emergency cost-of-living payments; and even before the housing allowance freeze was introduced, more than half of private renters on universal credit faced shortfalls in their housing support<sup>44</sup>”
- 8.2. The cost-of-living support provided by Lewisham Council, detailed in section 6, has been delivered quickly to respond to crisis. Most of the support has made up of short-term interventions given the focus on addressing acute issues. Some projects have been targeted towards more sustainable, long-term solutions for residents, such as income maximisation and enhanced advice, which has enabled advice partners to support an additional 1,705 clients (as at December 2023), with income gains of over £507k to date – in excess of contractual targets set. Part of the success of this has been the renewed focus on providing advice via outreach provision, getting advisors in front of residents who might otherwise have struggled to access services via telephone. This outreach programme is funded by the Household Support Fund (4) and set to continue until September 2024.
- 8.3. It is evident from evaluation and monitoring that the initiatives put in place through the cost-of-living programme and associated workstreams have gone some way to mitigate the impacts of the crisis on residents. However, it is also evident from the data explored above, and qualitative information from partners, that support services are still not able to meet rising demand. Not only will the impacts of the cost-of-living crisis last for some time, but we can expect to see existing vulnerabilities made more complex by financial uncertainty. Citizens Advice Bureau explain through the below visual that individual households are frequently experiencing more than one challenge to their financial well-being, resulting in increasingly complex circumstances:

## When we help people with one cost-of-living issue, they often need help with another.

For example, of the people we helped with energy issues in 2023, 52% needed help with crisis support (like food bank referrals or emergency charitable support).



- 8.4. It is therefore vital that we consider the impact of the end of the Household Support Fund, which has been the main funding source for the programme and has not (so far) been renewed. The additional capacity and support afforded by the measures detailed in section 6 will disappear, whilst the levels of vulnerability and financial insecurity will no doubt increase, as evidenced above. This period of change and transition is an opportunity to consider how the council and its partners can adapt services to respond in changes in residents' circumstances and build on the collaborative work demonstrated over recent years, using funding to enhance delivery, rather than drive it. The following sections explore opportunities to be considered as we move away from crisis-led provision to a more embedded anti-poverty undertaking, addressing the needs arising from the increasing complexities and vulnerabilities explored above.

## 9. Other authorities' responses

- 9.1. Through desktop research and via relationships built through the pan-London cost-of-living working group, we have considered what other authorities, particularly those in London, are doing to mitigate poverty in their local areas. This is not an exhaustive list but demonstrates the breadth of action that Lewisham could consider going forward.

### Outreach

- 9.2. Several authorities and agencies are trialling co-location of advice services within health initiatives or multi-disciplinary community hubs, as demonstrated by the following:
- Barking and Dagenham: have delivered a range of GP pop-ups in partnership with council services, health services and the VCS, with an aim of helping residents resolve both clinical and non-clinical needs, including cost-of-living support.
  - Greenwich: via their Live Well Greenwich programme, have funded a social prescribing hub model with welfare rights provision and strong referral routes. Hounslow have mirrored their family hub model with a general community hub model – co-locating multi-disciplinary teams in local places providing information, advice, guidance and activities.
  - Outside of London, Newcastle City Council: used DLUHC funding for their “Partnerships for People and Place” project. Council staff and other agencies were embedded within the local foodbank to deliver services to deprived communities, with an aim of improved communications between agencies, and reduced need for the foodbank and other crisis interventions.

- 9.3. In 2023, Bromley-by-Bow undertook an independent study on initiatives to strengthen the relationships, partnerships and referral arrangements between healthcare settings, social prescribing and social welfare advice across London. They found that welfare advice can improve health by reducing stress and anxiety through supporting people to access the benefit income they are entitled, manage their debts, and exercise their housing rights in relation to homelessness and poor housing conditions. However, there is no statutory duty for social welfare legal advice to be provided for communities, leading to patchy and fragmented services where demand for assistance has consistently outstripped supply<sup>45</sup>.
- 9.4. Bromley-by-Bow recommend a commitment to timely, professional, accessible social welfare advice, including where appropriate in person, linked to healthcare settings and social prescribing. This is corroborated by the Institute of Health Equity who, as part of their cost-of-living rapid evidence review, recommend “embed[ding] financial wellbeing and resilience into clinical pathways, considering how and where to co-locate services to support people<sup>46</sup>”. This is a key recommendation alongside others identified to mitigate the impacts of the rising cost of living in London, with a focus on health and the social determinants of health.
- 9.5. Lewisham already has several initiatives or existing mechanisms that are striving to meet some of these recommendations. The Lewisham Health Inequalities and Health Equity Programme 2022-24 set up place-based teams linked to each PCN, with a target activity of community outreach events to link residents up with services that can improve health and wellbeing. The cost-of-living programme has been linked in with these, partnering advice services with events, but the expiration of the outreach funding discussed above will likely have an impact on services’ ability to continue to collaborate in this way.
- 9.6. Additionally, the advice outreach programme funded through the cost-of-living programme has ensured closer links between Lewisham Foodbank and advice provision – some advice sessions are located within the foodbank and has enabled vulnerable service users to see an advisor at point of foodbank access. Again, the end of the funded outreach programme will mean removal of these key access points.

#### **Debt review**

- 9.7. The evidence explored earlier in this report shows that household debt is becoming more prevalent because of cost-of-living pressures. Existing debts are increasing, and new debts are emerging (4.15), leading to heightened and more complex situations for vulnerable households.
- 9.8. The Institute of Health Equity considers several debt review processes as part of its cost-of-living rapid review, including [Financial Shield](#) in Lambeth and Southwark. This project introduced new pathways to financial support in health services; financial support link workers within social prescribing teams, and stops on debt collection and enforcement activity for residents engaging with the project. A full evaluation is yet to be published but qualitative information so far includes “a positive difference amongst approximately two-thirds of residents using the service... [increasing] resident’s incomes by just under £2,000 per annum. Qualitative interviews with these residents indicate that they now feel more confident about managing both their finances and their health conditions as a result.”<sup>47</sup>
- 9.9. Barking and Dagenham, on review of their debt processes, found that they had a “rushed arrears ladder” and moved to legal proceedings too quickly. They used data to develop a preventive approach for vulnerable residents in multiple debts; potential participants were sent personalised texts offering support. B&D’s in-house financial and housing support service, Homes and Money Hub, then undertook outreach by calling those residents and working with them to resolve their issues. Outcomes included “26% engagement... 127 support interventions... Despite a focus on support, the approach brought in an additional £75,000 over the four months of the pilot and reduced legal costs to the council as the people worked with had greater improvements in collections status and lower rates of legal and bailiff action.”<sup>48</sup>

- 9.10. Camden launched a debt discovery project, with the aim of understanding people's experience with debt across services and identifying opportunities to improve the sustainability of debt collection. The vision was to "create a compassionate, consistent, and joined-up system of debt collection where staff take the time to understand people's circumstances and adapt their approach." Several improvements were identified, including humanising the approach – "[there is a] misconception that debt collection is opposed to relational support, when in fact, having a human-centred approach can help us both nudge residents who can pay, and support residents who can't until they reach financial stability."<sup>49</sup>
- 9.11. It is pertinent to note here that debt collection is a challenging area. It is vital that the council pursues its debt, particularly considering the last two decades of spending cuts. The National Audit Office highlights substantial funding reductions since 2010-11, with a 49.1% real-terms reduction in government funding for local authorities between 2010-11 and 2017-18, resulting in 28.6% real-terms reduction in local authorities' spending power.<sup>50</sup> However, as demonstrated through the B&D project, a more preventative and holistic approach to debt recovery can in fact improve debt collection for local authorities. Lewisham's Insight & Delivery team have already undertaken a discovery into the behaviour around council tax arrears and therefore there is potential to build on some of this, considering other corporate debts so that can better understand residents' whole experience.

### **Anti-poverty approaches**

- 9.12. The Lewisham Poverty Commission was established by Mayor & Cabinet in September 2016 following a recommendation from the Safer Stronger Communities Select Committee. Its aims were to review poverty in the borough and develop recommendations to tackle it. The Commission's [final report](#) was published in 2017, and an [update on recommendations](#) presented to Mayor and Cabinet in October 2018. A wide range of work under the four identified areas of focus ([1] Supporting residents to access well-paid, secure jobs inside and outside of Lewisham; [2] Tackling child poverty by supporting parents into decent work; [3] Improving the local housing market; [4] Strengthening support within communities) was progressed to address the recommendations identified by the Commission. Some of these, particularly [1] and [4] have been further strengthened through recent work under the cost-of-living programme.
- 9.13. Other authorities' approach to poverty include:
- 9.13.1. In 2022 Hackney released their 2022-26 [poverty reduction strategic framework](#), which consists of three areas of focus ([1] Prevention, early years and early help; [2] Tackling low wages and cost of living; [3] Responding to the material needs of poverty); each underpinned by two cross-cutting foci ([4] Prioritising poverty reduction across the system; [5] Ways of working)<sup>51</sup>
- 9.13.2. Camden's mission-based approach aims to bring together "people from across the public and private sectors... to achieve a shared goal". Four core missions drive the actions. These missions cover food poverty and sustainability, diversity in positions of power, health and sustainability of estates, and opportunities for young people<sup>52</sup>
- 9.13.3. [Lambeth's Economic Resilience Strategy](#) includes a financial resilience workstream which aims to build resilience and capacity within Welfare Advice services<sup>53</sup>.
- 9.14. [Greater Manchester Poverty Action undertook a literature review](#) and desk research of anti-poverty strategies from six local authorities. They identified the key elements / pillars of a good anti-poverty strategy as:
- Define poverty and its drivers
  - Political and officer leadership
  - Focus on prevention, reduction, and mitigation
  - Prioritisation



- Partnership working
- Lived experience engagement and co-production
- Reinforcing and aligning with existing strategies
- Governance
- Action planning
- Adopt the socio-economic duty
- Adaptability
- Monitoring and evaluation<sup>54</sup>

9.15. Lewisham has resources and opportunities that arguably put them further ahead, or at least in line with, the methods mentioned above. The Poverty Commission bred the [Lewisham Deal](#), superseded in 2022 by the Lewisham Strategic Partnership (LSP). The Deal consisted of six key pillars ([1] Apprenticeships; [2] Procurement; [3] Living Wage; [4] Information, advice and guidance; [5] Progression for Black, Asian and minority ethnic staff; [6] Climate emergency). These pillars are integrated within the LSP's four workstreams ([1] Opportunity and investment; [2] Climate emergency; [3] Race and equality; [4] Cost of living). These priorities are in place until spring 2024.

## 10. Existing resources across Lewisham

- 10.1. The Lewisham Strategic Partnership is a key delivery vehicle for anti-poverty approaches, as it brings together public, community, and private sector representatives. Later in 2024 the LSP will decide its new priorities based on the upcoming community strategy.
- 10.2. In 2023 Public Health launched the Food Justice Action Plan to tackle food insecurity in Lewisham, which has demonstrated strong ties to the cost-of-living programme. An Alliance has recently been formed to deliver the action plan over the next 18 months.
- 10.3. Lewisham's Health Equity programme, launched by Public Health in 2022, concludes later in 2024 and leaves a legacy of collaborative work between health partners and the voluntary and community sector, targeting health and wellbeing outcomes in communities who experience health inequity. A new Lewisham Health and Wellbeing Strategy is being planned with a focus on the wider determinants of health; this could support a strategic approach to anti-poverty to contribute to improving health outcomes in Lewisham.
- 10.4. The South East London Integrated Care Board (SEL ICB) are focusing on development, delivery and implementation of integrated community-based health and care through their integrated neighbourhood programme. Their work to date has already identified a "solid foundation for partnership working within the system, and a real commitment to work together<sup>55</sup>". The vision of stronger community-based care is underpinned by principles of co-design, community engagement, health improvement, health equity and data-lead interventions.
- 10.5. In 2023, Lewisham launched its Family Hubs programme. Family Hubs are community-based locations offering a single, non-stigmatising point of access for families, helping them to navigate and receive the wide-ranging support they need through extensive partnerships with local voluntary, community and faith sectors. One of the key deliverables of the Hub model is the co-location of a wide range of services, including debt and welfare advice.
- 10.6. Lewisham's Climate Emergency Strategic Action Plan 2020-30 includes an objective of providing practical support to residents vulnerable to the cold. The Climate Resilience team delivered the cost-of-living programme's fuel poverty workstream, responsible for supporting 1,150+ households experiencing fuel poverty using Household Support Fund money and other funding streams.
- 10.7. Programmes initiated via the cost-of-living programme, such as Warm Welcomes, essential goods grants, advice outreach, has galvanised the VCS even further to delivering support to

residents who struggle to access more traditional, anchor institutions. Evaluation of the Warm Welcomes programme 2022-23 gave demonstrable evidence that community spaces are key to connecting people with their communities and reducing isolation (6.1.9) – year-round, not just over winter.

## 11. Minimum interventions

- 11.1. Working with the assumption that the Household Support Fund is not to be renewed / replaced, the cost-of-living programme asks that consideration be given to allocating specific resource towards poverty-reduction measures to continue some of the momentum built via the programme to-date, particularly measures that are sustainable / preventative in nature.
- 11.2. As highlighted in section 10 there are several initiatives, programmes and projects focused on community-based support and prevention; and links to the cost-of-living programme have already been explored and tested with some of these (e.g., advice outreach from Family Hubs, cost-of-living stands at community health and wellbeing events, working with ICB leads to develop a shared knowledge-bank of community resources, outreach partnerships with a fuel poverty focus).
- 11.3. Some of the most demonstrably successful elements are where VCS partners have been enlisted to provide specific support, and it is the end of these projects that threaten a gap in services that has the potential to be wider now than before the cost-of-living crisis began. Our income maximisation programme with Citizens Advice has realised substantial income gains into the authority (£490k over 12 months; £507k if added to their outreach project that began in September). The link between advice services and subsequent positive impacts on health (particularly mental health) is widely documented by Michael Marmot in his 2010 “Fair Society, Healthy Lives” report, and his subsequent 2020 report, “Marmot Review 10 Years On”. One example from the former report considered the Derbyshire Primary Care Trust’s collaboration with the Citizens Advice Bureau. “More than half of Derbyshire Primary Care Trust’s GP surgeries have regular CAB sessions and in 2008/9, they helped more than 2,050 clients to secure over £2 million in additional benefits. Derbyshire PCT estimates for every £1 invested, the project secured £6.50 in additional income<sup>56</sup>”. Whilst this data is relatively historic, Marmot’s 2020 report continues to demonstrate the value of accessible advice services.
- 11.4. Citizens Advice Lewisham operates predominantly via their advice line in partnership with other advice services in the borough, which is a much-needed provision for those unable to reach physical access points and is highly subscribed. However, diversifying access points is key to reaching residents with varying access needs and vulnerabilities. The outreach project that commenced in autumn 2023 was only made possible through the Household Support Fund and has already meant that over 270 clients have accessed an advisor face-to-face, who may not have been able to do so otherwise. Particularly positive feedback has arisen from outreach posts co-located with other services that are supporting vulnerable residents, such as the 999 Club and Lewisham Foodbank. In keeping with this, Marmot’s 2020 review found that “GPs who had advice services in their surgery were more positive about advice services than those who signposted people to support. They also found two-thirds of people who used the advice services within the GP surgery would not have accessed it otherwise.<sup>57</sup>”
- 11.5. The potential preventative and financially advantageous impact of investing in / developing debt advice services is explored above in section 9.9 where Barking and Dagenham achieved improved collections and reduced legal costs through their debt support project, with a focus on preventative outreach. With the procurement of the Low Income Family Tracker (LIFT) dashboard (section 6.1.11), Lewisham has the potential to embark on proactive work like this but without dedicated resource, there is a risk that LIFT will not be utilised to its full potential.

- 11.6. The prevention potential of Warm Welcomes has not yet been translated into monetary terms, but the role of Warm Welcomes as a mitigation to social isolation is clearly demonstrated, both through our internal evaluation and through wider national initiatives. The Guardian newspaper reported on the national Warm Welcome initiative, which found that “the greatest impact of warm rooms... was in providing a sense of community and tackling loneliness in a safe and welcoming space. Frequent visitors reported positive improvements in their mental health, social wellbeing, and sense of purpose.<sup>58</sup>” This impact is strongly corroborated by the Lewisham example above (6.1.9), where a visitor cited her local group as directly alleviating suicidal thoughts. The impacts of social isolation on health is widely known and is investigated by Public Health England in their report “Reducing social isolation across the lifecourse” – they state that “The cost of social isolation to local government and the NHS is difficult to determine... [however] when effective interventions are in place, the return on the investment can be substantial. One of the intervention examples cited in this report, the Family Action Well Family Service, reduced the number of GP consultations, demonstrating a social return on investment of £5.96 for every £1 invested.<sup>59</sup>”
- 11.7. Therefore, it is recommended that, as a minimum response to poverty reduction in Lewisham, the following initiatives are considered for corporate resourcing and integrating into existing workstreams / initiatives, should central government funding not be forthcoming:
- 11.7.1. Integrating anti-poverty measures in community-based projects, capitalising on programmes and initiatives already identified in section 10.
  - 11.7.2. Exploring further how advice services are funded to continue outreach provision in addition to their advice line model to maximise reach, particularly in spaces where vulnerable residents are likely to present (e.g. foodbanks, GPs, community hubs)
  - 11.7.3. Review of how we approach residents in complex debt with a focus on preventative, supportive action
  - 11.7.4. Investment in VCS spaces that offer social cohesion, following the example of Warm Welcomes but not necessarily linked to cold weather.
- 11.8. The cost-of-living programme team will now develop the above insight into a proposed delivery plan, for consideration and decision-making at a future meeting.

## **12. Financial implications**

- 12.1. The report highlights work which has been undertaken over the past few years which has largely been funded from the Household Support Fund, Voluntary Sector funding or the Public Health grant. Some of these funding streams have now ceased or are due to cease, leading to a funding gap for poverty reduction measures.
- 12.2. Paragraph 11.7 identifies several measures that the Council wishes to continue and needs to find funding for. The cost-of-living team will be working on a proposed delivery plan, which along with any additional funding considerations will be brought to Mayor & Cabinet for approval as appropriate.

## **13. Legal implications**

- 13.1. There are no specific legal implications arising from this report, which is for noting. Detailed legal implications will be provided for specific proposals as they are brought forward.

## **14. Equalities implications**

- 14.1. The disproportionate effect of the cost-of-living crisis and wider endemic poverty on marginalised groups was considered as part of the [cost-of-living programme's equalities screening](#), and is also explored in section 7.

## **15. Climate change and environmental implications**

- 15.1. The Department for Business, Energy & Industrial Strategy (BEIS) currently estimates fuel poverty using the Low Income Low Energy Efficiency (LILEE) measure, where a household is considered fuel poor when (i) living in a property with an energy efficiency rating of band D-G, and (ii) disposable income after housing and energy costs falls below the poverty line. Under this measure, 12.7% households in Lewisham were considered fuel poor in 2021. These indicators do not yet reflect recent changes in energy cost, so likely under-estimate current fuel poverty levels: industry estimates suggest 30-40% of Lewisham households are currently living in fuel poverty. The cost-of-living programme has included practical support for over a thousand households facing fuel poverty.

## **16. Health and wellbeing implications**

- 16.1. The negative effects of the cost-of-living crisis and wider endemic poverty on health and wellbeing outcomes is widely documented, and is discussed within this report, particularly section 7.

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- 17.2. Financial implications – Nick Penny
- 17.3. Legal implications – Melanie Dawson

## **18. Appendices**

- 18.1. Cost-of-living work to date

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- <sup>2</sup> (Office for National Statistics, 2020)
- <sup>3</sup> (Office for National Statistics, 2020)
- <sup>4</sup> (Institute for Government, 2020)
- <sup>5</sup> (Child Poverty Action Group, 2019)
- <sup>6</sup> (IFS, 2019)
- <sup>7</sup> (Abreu, 2022)
- <sup>8</sup> (McInnes, 2020)
- <sup>9</sup> (Citizens Advice Bureau, 2020)
- <sup>10</sup> (Harari, Francis-Devine, Bolton, & Keep, 2023)
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