

**Cabinet**

**6 April 2022**

**Poverty Strategy and Action  
Plan**

**Ordinary Decision**



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**Report of Corporate Management Team**

**Paul Darby, Corporate Director of Resources**

**Councillor Alan Shield, Portfolio Holder for Equality and Inclusion**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To provide Cabinet with an update on the work to ensure there is a coherent and co-ordinated strategic approach, both within the council and across our partners to address poverty across County Durham.
- 2 To seek approval to consult on a revised County Durham Poverty Action Plan which sets out a comprehensive response to the impacts of the wide-ranging poverty issues within the county.

**Executive summary**

- 3 In the annual Poverty Issues report to Cabinet on 15 December 2021, information was presented on the progress made by the council and its partners in addressing poverty issues across the county. The report described the work of the council and partners to address and help alleviate the pressures which contribute to vulnerability arising from an individual's inability to meet their personal needs.
- 4 The Cabinet report was then presented to Corporate Overview and Scrutiny Management Board; with their feedback influencing the strategy refresh approach.
- 5 There are a number of critical factors influencing financial insecurity that have been magnified in recent times: including the continued impact of the coronavirus pandemic; rising living costs caused by inflationary pressures, in particular in relation to food, fuel, energy and utility costs; and the economic uncertainty arising from events in the Ukraine which is compounding the squeeze on household budgets.

- 6 There are lasting impacts of financial insecurity in relation to mental wellbeing and health in general; it is therefore imperative that the council and partners continue to consider key information on demand for financial and other support and ensures that low income households, particularly those in crisis, are supported as much as possible.
- 7 The council co-ordinates its efforts to tackle poverty through the Poverty Action Steering Group (PASG). This is a cross-council senior officer group, chaired by the Corporate Director of Resources and attended by the Cabinet member for Equality and Inclusion.
- 8 Partnership working is key to tackling the issues arising from poverty and during the pandemic this has been strengthened with the use of additional funding to enable those organisations to offer appropriate support when dealing with vulnerable households presenting with financial insecurity.
- 9 At the Cabinet meeting in December, it was agreed that the Poverty Strategy and Supporting Action Plan would be refreshed and brought back to Cabinet for consideration.
- 10 Work has therefore been undertaken with PASG and across services to consider the overall vision and objectives for the Strategy refresh – and the actions which will underpin delivery against the objectives set out in the Strategy.
- 11 A draft updated strategy and action plan has been developed as a result of that review process and is presented for consideration. It is proposed that further consultation is carried out to ensure that partners and other key strategies, such as the emerging Inclusive Economic Strategy are fully aligned. A further report will then be brought back to Cabinet following that consultation to update the Poverty Strategy and Supporting Action Plan in line with that feedback.

## **Recommendation(s)**

- 12 Cabinet is recommended to:
  - (i) note the contents of this report;
  - (ii) approve the revised Poverty Strategy and Action Plan for wider consultation and engagement with partners and stakeholders; and
  - (iii) note that a further report will be brought back to Cabinet following that consultation to update the Poverty Strategy and Supporting Action Plan in line with that feedback.

## Background

- 13 The latest annual update report setting out the progress made by the council and its partners in addressing poverty issues across the county was presented to Cabinet 15 December 2021. The report described the work of the council and partners to address and help alleviate the pressures which contribute to vulnerability arising from an individual's inability to meet their personal needs.
- 14 The council co-ordinates its efforts to tackle poverty through the Poverty Action Steering Group (PASG). This is a cross-council senior officer group, chaired by the Corporate Director of Resources and attended by the Cabinet member for Equality and Inclusion.
- 15 The council has worked closely with many key partners since 2011 to help County Durham residents cope with the changes to welfare and issues relating to poverty. Initially, the focus was on co-ordinating and providing help and assistance to those in crisis. In recognition of the wider impact of the changes on the county, the scope of the PASG was broadened in 2015 to take a more comprehensive overview of the wider poverty issues, and the council's first Poverty Action Plan was approved by Cabinet in October 2015.
- 16 Many of the drivers of poverty, such as the strength of the economy, employment, wage rates, national welfare provision and inflation, are beyond the council's direct control. Therefore, the Council developed a strategy and plan focused on improving services and opportunity for those residents in County Durham who are experiencing poverty.
- 17 The Council's ambition has always been to do more than passively support residents to claim benefits and pay their rent or to help those in crisis. The vision for 2020-21 was to *"to improve the standard of living and daily lives of those residents in County Durham who are currently experiencing immediate financial hardship due to the COVID-19 pandemic and associated economic shocks; and to help alleviate long term issues that can lead households on low incomes to experience financial pressures and poverty"*.
- 18 The Poverty Issues report presented to Cabinet in December 2021 set out in detail the range of factors influencing financial hardship across the county's households; particularly those brought about by the coronavirus pandemic. Government funding and the Council's financial support mechanisms have been utilised to mitigate some of those impacts which have been further compounded by rising costs of living, significant energy cost increases, removal of the £20 per week Universal Credit and emerging pressures on the economy from recent events in the Ukraine.
- 19 The increased pressures seen on our most vulnerable households has resulted in increased demand for support through the Welfare Assistance Scheme, which has seen unprecedented demand and call volumes

regularly exceeding 500 per week and awards for Daily Living Expenses costing an average of £43,643 per month during the last quarter compared to £37,156 during the same period in 2020/21 – a 17.5% increase. Demand for Discretionary Housing Payments also continues to be high.

- 20 The Government's Household Support Fund has provided Durham with £4.6m to enable support to be provided to vulnerable households during the winter period. This has enabled the Council to put a number of schemes in place to provide food, fuel vouchers and other support for essential household items so that those households could access food, clothing and support to stay warm. This funding has supported a range of households identified as vulnerable such as families with children on free school meals, young carers, kinship carers, households identified as vulnerable by Social Work professionals and Health Visitors. Delivery of the support has been through both internal services and our partners.
- 21 In order to ensure that the right support was provided, the Government's funding has been supplemented by an additional £240,000 from the Welfare Assistance Reserve.
- 22 The council has continued to support the networks of foodbanks within the county with support through the Household Support Fund for those in fuel poverty, with foodbanks distributing food and fuel on the council's behalf.
- 23 The foodbanks have identified rising demand where households have insufficient income caused by cost of living rises, especially energy. They are reporting that more people over 50, including pensioners, are no longer managing and have been identified as a significant cohort within this group.

## **Cost of Living pressures**

- 24 The UK is experiencing cost of living pressures which are severely impacting some households. These pressures are resulting in households across the county struggling to meet their basic household costs and will lead to residents being in financial difficulty for the first time. Those low-income households which spend a larger than average proportion of their income on energy, fuel and food will be more affected by price increases whilst also experiencing the 1.25% increase in National Insurance Contributions from April 2022.
- 25 In February 2022, inflation reached its highest recorded level since 1992<sup>1</sup>, affecting the affordability of goods and services for households. Consumer prices, as measured by the Consumer Prices Index (CPI), were 6.2% higher in February 2022 than a year before. The OBR forecasts inflation to

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remain elevated through 2022 and 2023, peaking at 8.7% in Q4 2022. On an annual basis, inflation is forecast to be 7.4% in 2022.

- 26 The cost of household staples is also rising, with pasta prices up 15%, cooking oil up 16% and margarine soaring 37% in the year to January, squeezing household budgets. A particularly important driver of inflation is energy prices, with household energy tariffs increasing and fuel costs going up.
- 27 In the year to January 2022, domestic gas prices increased by 28% and domestic electricity prices by 19%, due in part to the global gas demand as pandemic restrictions were lifted and with lower than normal production of natural gas. On 3 February, the regulator Ofgem announced<sup>2</sup> that the domestic energy price cap would increase from its current equivalent annual level of £1,277 per year to £1,971 in April; a 54% increase. The price rise for prepayment meter customers, who can include some of the poorest and most vulnerable in society, is slightly higher. The increase for prepayment meter customers is typically £708 a year.
- 28 In the government's Spring Statement delivered on 23 March 2022, the Chancellor announced measures to help address rising living costs including: an additional £500 million of Household Support Fund money; a temporary 5p cut to fuel duty; a raise in the threshold at which people start paying National Insurance to £12,570; and a pledge to cut the basic rate of income tax from 20p to 19p before the next general election.
- 29 Despite these announcements, household budgets will still be squeezed in the coming months as the OBR forecasts wages will fall in real terms (after inflation) this year and next, which will affect household incomes.

### **Poverty Action Strategy and Plan 2020-2021**

- 30 As the COVID-19 pandemic evolved and residents and communities were 'locked down', we started to see a shift in reported issues, particularly in relation to household finance.
- 31 The Poverty Action Strategy and Plan was updated to reflect this in November 2020. Existing actions were brought forward to address the impacts of the pandemic and some new short-to-medium term initiatives and investments were added.
- 32 Emerging actions required to help our residents' financial circumstances during the pandemic were captured under the following strategic aims and four workstreams were taken forward with key partners and stakeholders to help achieve these aims:

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<sup>2</sup> <https://www.ofgem.gov.uk/publications/price-cap-increase-ps693-april>

- (a) to improve our understanding of immediate financial hardship and both short and long term poverty, and the impacts on County Durham's residents:
  - (i) short term – restarting/resetting society – June to December 2020;
  - (ii) medium term – living with COVID-19 – 2021;
  - (iii) longer term – recovering – 2022;
- (b) to foster employability, personal wellbeing and sense of worth for residents experiencing immediate hardship and/or poverty;
- (c) residents receive the best support and advice available concerning their financial situation; and
- (d) children and families have access to specific resources in response to the measures in place to combat COVID-19.

### **Poverty Action Strategy and Plan Review**

- 33 Whilst the council has supported its most vulnerable residents over recent years and has intensified support during the COVID-19 pandemic, there is much still to do to promote social inclusion and support financially vulnerable residents and their families, particularly given the current household costs pressures on residents.
- 34 The PASG has reviewed the current strategy and action plan. This included consulting with services across the council and informally with key partners to ensure the Council was making best use of our collective resources, learn from what has worked well and identify any gaps, and use of available data and local intelligence to ensure the support is targeted to where it is needed most.
- 35 A PASG workshop was held in January 2022 to look back on what had been delivered and achieved so far and to identify areas where new/ revised practical interventions are required to help mitigate or prevent the impacts of poverty and help shape the revised strategy and action plan.
- 36 Attendees recognised the importance of working with our partners and attendees also highlighted the positive impacts of using intelligence more effectively and combining data to better target support and intervene before people get into crisis. Attendees also noted the need to better join up the Poverty Action Strategy and Plan with other council service delivery plans and the delivery plans of key partners.
- 37 Through group discussions it was apparent that whilst specific actions are still needed to continue to address the impacts of the COVID-19 pandemic in the new action plan, the overarching vision needs to better address the wider issues of inequalities i.e. to reflect the longer term impacts of all

forms of poverty which many residents experienced even before the pandemic and will continue to experience once we 'live and work with Coronavirus' going forward.

- 38 It was also apparent that some actions have been adopted as permanent ways of working i.e. 'business as usual' as they complement and help collectively to address the underlying issues around the county, but there are still gaps in current service provision, where projects and initiatives need to be identified to help achieve new priorities.
- 39 It is recognised that the Inclusive Economic Strategy is fundamental to opening up the routes out of poverty and will be key to ensuring communities are supported to thrive. Maximising money going into our local communities, job creation and supporting businesses to start up and grow are key determinants in terms of tackling systemic and generational poverty issues.
- 40 Work has also been undertaken with Public Health in order to ensure that health needs are better and more closely aligned to the Poverty Strategy.
- 41 Additional engagement exercises with individual council teams and key partners were also delivered to inform the refresh of the Poverty Action Strategy and Plan.
- 42 It should be noted that the Child Poverty Working Group is also refreshing their action plan; with the work being aligned across the two key strategic groups.

### **Revised Poverty Action Strategy and Plan**

- 43 The strategy aims to provide focus, strategic direction and priorities for improving services and opportunities for residents in County Durham who are experiencing poverty and will cover a four-year period up to 2026.
- 44 The aim is to do more than support residents to claim benefits and pay their rent or deal with those in crisis, though these remain important components. The PASG are seeking to improve the evidence and analysis and to make it everyone's business to support residents and mitigate the impacts of all forms of poverty. The Council should aspire to developing a compassionate coherent culture that seeks to maximise the value of our collective resources and appreciates the obstacles that internal and external silos create to supporting our financially vulnerable residents.
- 45 To help develop a new Economic Strategy for the county, an economic review of the county has been undertaken and an Economic Statement developed. This was considered and approved by Cabinet in December 2021. This statement provides an overview of our economic performance, suggests the areas of the economy that we need to collectively support, and firmly positions the county in regional and national conversations relating to economic growth and levelling up. Consultation to help frame

the development of the Economic Strategy by Summer 2022 is currently underway.

- 46 The review of the Poverty Action Strategy and Plan undertaken by the PASG has considered the council's Economic Statement, wider policy implications and rising living costs and considered how we can increase access to fresh, healthy, affordable food, support residents struggling with increases in their cost-of-living expenses and loss of income, and how we can help residents improve their overall financial circumstances.
- 47 The Vision for County Durham 2035 was written together with partner organisations and the public and sets out what we would like the county to look like in 15 years' time. It was approved by Council and launched by the County Durham Partnership in 2019.
- 48 The Vision for County Durham is structured around three ambitions, namely:
- (i) More and better jobs
  - (ii) People live long and independent lives
  - (iii) Communities are well connected and supportive of each other
- 49 Each of the three ambitions contains a number of objectives; the following objective which supports 'more and better jobs' has been adopted as the vision of the Poverty Action Steering Group, with the wording "to work together" added in:
- To work together so fewer people will be affected by poverty and deprivation in the county***
- 50 To achieve the best possible outcomes for residents experiencing poverty, it is proposed that the revised strategic objectives will be:
- Objective 1: Use intelligence and data to target support to low-income households
- Objective 2: Reduce the financial pressures on people facing or in poverty
- Objective 3: Increase individual, household and community resilience to poverty
- Objective 4: Reduce barriers to accessing services for those experiencing financial insecurity
- 51 The strategy is underpinned by a revised action plan which focuses on new actions and commitments which will enable the council to deliver the key priorities that have identified as being most important for reducing poverty levels in County Durham and achieving our vision.

52 Although a major focus of the last 24 months has been effectively supporting vulnerable households impacted by COVID-19 restrictions, moving forward the focus will be on a strong strategic approach to supporting residents dealing with household costs pressures with co-ordinated advice and guidance, and partners playing a key role in delivery. It will involve helping residents move away from accessing food/financial support through crisis intervention support such as foodbanks, energy banks and welfare assistance etc. by working with key providers such as the credit unions to improve access to low-cost loans and supporting work to address fuel poverty and digital exclusion etc.

### Next steps

53 The revised strategy and action plan is attached at Appendix 2. These new and updated actions complement existing projects, initiatives and services and will be delivered alongside to further enhance and improve outcomes for our residents.

54 Through consultation and engagement, all partners will be encouraged to comment and contribute to the ongoing development and delivery of the revised Poverty Action Strategy and Plan, as this will be fundamental to its successful delivery and achieving better outcomes for the residents of County Durham. The suggested consultation timetable is detailed below.

| Date         | Consultees                          |
|--------------|-------------------------------------|
| April – June | AAPs                                |
| April        | Advice in County Durham Partnership |
| April        | Housing Provider Forum              |
| April - May  | County Durham Partnership           |
| May – June   | Economic Partnership                |
| May – June   | Health & Wellbeing Partnership      |
| May - June   | Children’s Partnership              |

55 The council’s PASG will continue to provide leadership and direction in delivering against the action plan and co-ordinating and joining up the response internally within the Council. Existing workstreams will continue to work with services and partners to deliver some of the immediate actions where necessary, although it is expected a lot of the activity can be delivered through existing resources and organisations. Working with partners from across the public, private and third sector will continue to underpin our approach.

- 56 The existing relevant services, projects and initiatives from the previous action plan which have been adopted as 'business as usual' will continue to be monitored and reported via the appropriate service reporting channels and also regular updates will be given to the PASG.
- 57 Annual updates for the Poverty Strategy and Action Plan will be provided for Cabinet, the County Durham Partnership, The Advice in County Durham Partnership, AAPs and other partners.
- 58 The strategy and action plan will be formally reviewed on an annual basis.

## **Conclusion**

- 59 The council has consistently recognised that it cannot reduce poverty on its own as this requires a system wide response: collaboration and a focus on delivering common outcomes is the key to success.
- 60 Although a major focus of the last 24 months has been to support vulnerable households impacted by COVID-19 restrictions, the Council and its partners have continued to address the underlying issues experienced by low-income households and the impacts starting to be seen due to the current rise in basic household living costs.
- 61 During the pandemic our efforts to address and alleviate poverty increased significantly but there is still much to do. By maintaining our partnership-based approach to delivering the Poverty Action Strategy and Action Plan, we are making it everyone's business to respond to poverty and ensure financial inclusion.

## **Background papers**

- None

## **Other useful documents**

- [Cabinet report, Poverty Issues, December 2021](#)
- [Cabinet report, Poverty Issues, November 2020](#)
- [Cabinet report, COVID-19 planning and response, 5 June 2020](#)
- [Poverty Dashboard – Durham Insight](#)

## **Author(s)**

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## **Appendix 1: Implications**

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### **Legal Implications**

There are no direct legal implications arising out of this report.

### **Finance**

The council supports welfare provision and poverty alleviation through key service budgets across the council, such as the Welfare Assistance Fund and Discretionary Housing Payments (DHP) policy which are administered by the council's Transactional Services Teams. The council also offers discretionary Council Tax relief to individuals and households in financial hardship and has protected residents from government reductions in Council Tax Benefit through the approach it has taken to local Council Tax Support.

The longer-term financial implications for the council are at this stage difficult to quantify and are dependent on the speed of economic recovery.

### **Consultation**

The draft Poverty Strategy and Action Plan will be informed by feedback and engagement through consultation with council services and partners during the coming months.

### **Equality and Diversity / Public Sector Equality Duty**

The council's Welfare Assistance Scheme, Discretionary Housing Payments policy, and Local Council Tax Reduction Scheme, have been subject to equality impact assessments where appropriate.

### **Climate Change**

Not applicable.

### **Human Rights**

Not applicable.

### **Crime and Disorder**

Not applicable.

### **Staffing**

There are no staffing implications.

### **Accommodation**

Not applicable.

**Risk**

The work of the Poverty Action Steering Group and the Poverty Strategy and Action Plan are subject to risk assessment and inform the cross council and partner input.

**Procurement**

Not applicable