

Local Election Briefing:

# Poverty and the cost of living crisis



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## Background

These elections are occurring at a time when prices are rising faster than at any time since the early 1990s and standards of living are falling faster than at any time since the 1950s. Most families will notice changes in what they can afford, but for families whose budgets already have no wriggle room, the choices they face will be stark and unpleasant.

These challenges are coming on the back of a pandemic which damaged both the health and finances of the poorest most of all, after a decade of rising and increasingly entrenched poverty. Reputable estimates indicate that both poverty and destitution will increase markedly over the next year.

For the least well off there are difficult times ahead. The people chosen at these elections will have substantial influence on how such struggling families are supported over the next months and years.

## Council tax

For the least well off, the decisions on council tax rates are much less important than decisions around the council tax reduction scheme.

Prior to 2013, families receiving means-tested benefits could receive council tax support to cover their tax bill. This was abolished and councils were given a reduced amount of money to run a council tax reduction scheme. Councils are required to protect low-income pensioners, but for working-age families and their children, councils must decide which families receive support and how much.

Around 1 in 10 councils in England fully protect as before, but most have introduced a minimum payment scheme that every non-pensioner household must pay regardless of their means. The size of council tax arrears has increased and the numbers seeking help from debt charities such as the Citizens Advice Bureau and Stepchange has increased. We expect the pandemic to have exacerbated these problems.

The devolved administrations deal with council tax support differently from England. However, Scottish councils run broadly similar council tax reduction schemes, while in Wales, the equivalent scheme is not devolved to councils but set by the Welsh government directly.

## Local welfare support schemes

The nationally administered Discretionary Social Fund provided one-off grants and loans to families facing emergency situations. It was replaced by providing councils a reduced amount of money to run local welfare assistance schemes (LWAS), which they could design themselves. The money was not ring fenced, allowing councils to reduce further how much was allocated to these support schemes. Some councils now do not offer a LWAS scheme at all, preferring to “signpost” to charities.

In England, the local schemes receive around half of the funding of the former national scheme, but councils redirect that money, spending less than a third of it on LWAS.

The Scottish and Welsh governments ensured that more money is spent on similar schemes. In Scotland, this administered by councils while in Wales the schemes is held by the Welsh government.

## Household Support Fund

This is additional money announced by the Chancellor to support families affected by the pandemic and later the cost of living crisis. In Scotland and Wales, the money will bolster existing local welfare provision.

English local authorities must administer their proportion of the money using their own rules set within the framework set out by the Chancellor. This may be integrated into existing schemes but is likely to be a separate scheme.

## An inclusive community

If you have no money to spend, there are often few opportunities to meet and share in community life. Local government has a key role to play in ensuring that there are places where people can socialise and be part of the community, and that these are available to all, including those with limited means.

Access to shared non-commercial spaces, such as libraries, leisure centres and playgrounds, has reduced as local authorities have had to balance budgets through cuts in some services. Some sections of society can afford to buy these services from the private sector, but many cannot.

Some local authorities have supported Poverty Truth Commissions to better include those who battle poverty daily in the decisions that affect their lives. These have provided important local insights, but perhaps more importantly they have shown that the most diligent and well-intentioned local leaders are surprised by how poverty affects lives – and how services often don't respond to that reality.

## Questions for candidates

1. How do you include people who are struggling financially in the decisions you make – especially when designing your council tax reduction scheme and Local Welfare Assistance Scheme?
2. How are you planning to use the Housing Support Fund?

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Information correct at time of writing.