

# Appendix 1: Cost of Living Key Areas of Work – Updates and Information

## 1 Emergency Food Update

- 1.1 A brief overview of the issue: Food inflation continues to rise hitting [16.5%](#) in the 12 months to November 2022 from 16.4% from the previous month. This is higher than average inflation. [Food Prices Tracker: December 2022 | Food Foundation](#). Meanwhile Food Insecurity is the highest it has ever been; 18.4 % of households have experienced food insecurity in the past month ([Food Insecurity Tracking | Food Foundation](#)).
- 1.2 City-wide data and impact: Levels of food insecurity are high in Brighton. At least 5,159 people are supported weekly through community emergency food providers (July 22), this is an 18 % increase from 2021, 28 % are children and young people under 18.
- 1.3 Emergency Food Providers are reporting an increase over winter 2022. There are several providers who are starting or re-opening, bringing the total number of emergency food providers in the city to 48 running out of 54 locations (food banks, meal providers and membership-based shops where people pay a small fee). These are supported by Brighton & Hove Food Partnership as part of the Emergency Food Network.
- 1.4 The Emergency Food Network report from July 22 identified: There has been a significant increase in people needing food help indefinitely - 63 % of people who access food help needed to do so in an ongoing way. 69% of organisations are reporting a reduction in food and financial donations, 63% report a reduction in food supply from surplus sources plus stock levels being low, and 63% report needing to spend more money because of the increases in the cost of food & essentials.
- 1.5 More than 60% of organisations are supporting a growing number of refugees, migrants and asylum seekers. 68% saw an increase in lone-parent families and 43 % dual-parent families. 53% saw a rise in the numbers of people in work coming to them. Low incomes, the cost-of-living crises and ill health/disability were the main reasons people needed to access emergency food.
- 1.6 People consistently have difficulty affording food after other bills like rent and utilities. This is a significant factor locally given high Privately Rented Housing Sector. There are people applying for help who have no food and no electricity.
- 1.7 Concerns raised by CVS partners have been reiterated by NHS Leaders, including Stephen Lightfoot as chair of NHS Sussex, through the NHS Confederation, in a letter to the Chancellor in August. The letter stressed: “If people cannot afford to heat their homes sufficiently and if they cannot afford nutritious food, then their health will quickly deteriorate.”

### **Locality & specific communities' data and impact:**

- 1.8 Our regional level of food poverty is slightly higher than the national average at 11.3%, however comparably this is not as high as London and the North-East. Overall, 59% of all households believe that they will have to cut back on food bills to pay their utility bills going forward.
- 1.9 It is reported that 43.6% of households on Universal Credit have suffered food insecurity in the past six months compared to 8.5% of those who are not on Universal Credit. (Citizen's Advice Brighton & Hove report on 'The post-pandemic impact on poverty and financial inclusion in Brighton & Hove 2022-2023').
- 1.10 Black, Asian & Minority Ethnic households are almost twice as likely to be in food poverty. Bridging change and BHFP are continuing with their research on the food access needs of Black, minority ethnic communities and refugees and asylum seekers. A full report is expected by the end of March 23. Preliminary findings are that:
- Large numbers of asylum seekers placed in hotels are seeking food access as the food and supplies (such as toiletries) are inadequate;
  - A significant percentage of Ukrainian families are seeking emergency food support;
  - Foreign students are also seeking help as they cannot manage in the light of increased living costs;
  - Some referring agencies/organisations rather than supporting Black, Asian and minoritised ethnic people were referring them onto Black & Minority Ethnic Community Partnership or Voices in Exile foodbanks, assuming it was more culturally appropriate, resulting in more pressure on these services. However, users found BMECP and VIE food banks universally welcoming and inclusive;
  - The respondents described a need for further support, resembling a 'Foodbank Plus', a space where they could meet receive additional support with form filling, understanding letters, signposting to services, advocacy, etc;
  - There are barriers with receiving a referral for food banks.
- 1.11 People most likely to need emergency food support are (although the Cost-of-living crisis is affecting most people):
- People with disabilities or long-term health conditions (including mental health issues) or where there is someone in household who is being cared for;
  - Families with children especially single parent families;
  - Older people (60 +);
  - Vulnerably housed people;
  - Refugees and asylum seekers;
  - Black, Asian and Minority Ethnic Communities;
  - Homeless people;
  - Young people (16 – 25).

- 1.12 There are some geographical communities where there will be greater instances of food insecurity, and this broadly follows the indexes of deprivation.

**Examples of local mitigations:**

- 1.13 Emergency food support is being provided through a comprehensive coordinated approach from the Community and Voluntary Sector. The Household Support Fund (HSF) provides vouchers or fuel payments to Emergency Food organisation and BHCC funded the BH Food Partnership (BHFP) to continue to support the emergency food sector. Emergency food organisations can bid for funds and B&H Citizens Advice continues to receive donations through its [JustGiving page](#) (currently over £73,000). This will be split between Brighton & Hove Citizens Advice Bureau and BHFP. Examples of support include:

- Supporting cash-first (or vouchers where cash isn't possible) approaches through the Household Support Fund e.g., discretionary payments, free school meal holiday vouchers.
- Working strategically across Food/Fuel/Money Advice via officer meetings to share scheme experience to add value and/or reduce duplication.
- Communicating money support schemes through the Emergency Food Network via meetings and email.
- Bulk-buying and storage of food at the Central Distribution Hub, currently in Moulsecomb Hub north.
- Supporting the Brighton & Hove City Mission, who operate Brighton Food Bank, to apply for a 10-year lease on 5 Preston Circus (Council owned), subject to best consideration constraints, to bring much needed extra central capacity for the emergency food needs of residents, whilst also offering viable solutions to help people out of poverty rather than just providing food.
- Working together to explore how to action the recommendations in the 'Initial Findings Report' from Bridging Change (Food Access commission for supporting Black, Asian, and Minority Ethnic communities and Refugee & Asylum seekers).
- Promoting #foodsos campaign to increase donations of funding and food to food banks.
- Promoting Healthy Start voucher scheme.
- The distribution of food vouchers as part of a wider piece of work with families living in poverty via Children's Centres and establishing an affordable food project based in a Children's Centre.
- Advancing ways of moving beyond crisis to local food system transformation, through long-term strategic city & region plans.
- Reviewing risk management procedures for food emergencies and incorporating these into city plans and policies.

**Gaps :**

- 1.14 The most effective way of stopping people from needing to seek support for food is to provide adequate household income. Where this is not possible, due to funding shortfalls we must try to provide support for the people who are

most vulnerable to malnutrition through a combination of emergency food and wider welfare support.

- 1.15 Finding solutions for people who are disabled and housebound for whatever reason, continues to be an ongoing problem. Most food banks have moved away from a delivery service due to shortages of volunteers. Community delivered meal services are essential to meet the needs of people who cannot cook but also cannot afford to pay for meals, but there is currently no available ongoing funding for this service.
- 1.16 Delays in advice, support and funding services mean that being able to provide support for people who are in absolute crisis is difficult. Often people reach crisis before getting in contact and present with no food (sometimes no electricity). There are reported mental health difficulties for front-line staff and volunteers dealing with the demand.
- 1.17 Emergency food and crisis responses, including those provided by CVS partners, need funding and to be effectively incorporated into long-term strategic planning to feed into food system transformation.
- 1.18 Rising food insecurity is increasing the prevalence of physical and mental health conditions caused by hunger and unhealthy diets. [Integrated Care Partnerships provide an opportunity to develop strategies to tackle food insecurity](#). Emergency planning through the food cell needs to link more effectively with NHS, health and social care partners e.g., for pathway development.

## 2 Energy (domestic) Update

### Brief overview of the issue:

- 2.1 Since the winter period of 2020/21 energy prices have soared from an average annual energy bill of £1,042 to £2,500 currently, set by the government's Energy Price Guarantee scheme. National Energy Action estimate that 6.7 million UK households are now living in fuel poverty.
- 2.2 In May 2022, the UK Government [announced](#) a series of measures in an attempt to mitigate the energy crisis for those households which are most vulnerable to the impacts of fuel poverty. Given the package was based on an expected £800 increase in bills in October 2022, these policies now only offset part of the impact of the recent price increases for many households.
- 2.3 Energy and fuel have seen unprecedented price increases over the past year. In response, the government provided a £150 Council Tax Energy Boost payment and an energy discount of £400 per household through the Energy Bills Support Scheme. Households on low incomes, pensioners and people with disabilities are receiving additional Cost of Living payments. Recognising that this would provide inadequate support, the government announced an 'Energy Price Guarantee' to limit average household bills until April 2024. This is in addition to an energy relief plan for businesses, third and public sector organisations.
- 2.4 The 'Energy Price Guarantee' is a backstop protection for customers set by government, calculated by Ofgem, the independent energy regulator. This caps the unit rates an energy supplier can charge for their default tariffs. These include the standing charge and price for each kWh of electricity and gas - these are the units bills are calculated from. This does not cap the total bill; this will still vary depending on how much energy is used. The Energy Price Guarantee will increase from the current limits from 1<sup>st</sup> April 2023, the price households pay for energy will go up from this date.
- 2.5 While these are substantial measures, many middle to higher income households, potentially higher energy users, will benefit more significantly from the energy price guarantee 'subsidy' than low-income households and this may therefore not only leave low-income households struggling but may not represent an optimum use of public resources.

### City-wide data and local impacts

#### Fuel Poverty:

- 2.6 The latest available data (for 2020) estimates that 12%, equivalent to 15,814 of households in Brighton & Hove are in fuel poverty. However, the number of households in the city struggling to pay their energy bills has increased dramatically over recent months due to the significant increases in energy costs.
- 2.7 Levels of fuel poverty in Brighton & Hove have historically been higher than the regional average for the Southeast (8.6% in 2020) but lower than the national average (13.2% in 2020). Although it has been difficult to pinpoint the reasons for higher levels in Brighton & Hove than the regional average in the

past, we can assume that the older, less energy efficient housing stock, levels of poverty and size of the private rented sector will have an impact on levels of fuel poverty or people's ability to affordably heat their homes. In 2020, the levels of fuel poverty in Brighton & Hove were lower than the statistical neighbour average, 16.3%.

- 2.8 The National Fuel Poverty Statistics Report 2022 shows specific household characteristics where the proportion of fuel poor households is higher. For the city, the following households are of particular relevance and will continue to be the focus of support; Private Renters, Single Parent households, 'ethnic minority households' and households including children and young people. The 'fuel poverty gap' estimates the depth of fuel poverty for households and groups; households with a higher average fuel poverty gap do not always align with the statistics based on the highest proportion of households in fuel poverty.

### **Excess Winter Deaths:**

- 2.9 Living in a cold home has a disproportionate impact on the health of certain groups. Exposure to cold temperatures increases blood pressure and risk of blood clotting, heart failure/attack and stroke. It also suppresses the immune system, diminishes the lungs' capacity to fight off infection and increases constriction of the airways, increasing the risk of bronchitis and pneumonia. When a house is damp as well as cold, mould is likely to occur. This increases the risk of respiratory illness, particularly asthma.
- 2.10 Therefore, people living in cold homes during the winter months are at increased risk of negative health outcomes, including winter deaths. Excess Winter Deaths (EWDs) are defined as the difference between the number of deaths from December to March and the average number during non-winter months. During the five winters 2015/16 to 2019/20 (most current data available), there were an average of 122 EWDs in Brighton & Hove each winter. The EWD Index is excess winter deaths as a percentage increase of the expected deaths, based on non-winter deaths. For winters 2015/16 to 2019/20 the EWD Index in Brighton & Hove was 18%. This is slightly higher than England (17%) and the South East (17%).
- 2.11 Nationally, most EWDs are due to respiratory and circulatory deaths, such as stroke and coronary heart disease. Other health conditions associated with, or exacerbated by, cold housing include mental ill-health, arthritis and rheumatism. Indirect health impacts of cold housing and fuel poverty include a negative effect on: children's educational attainment, emotional wellbeing and resilience; adult and children's dietary choices; and the risk of accidents and injuries in the home.

Groups at elevated health risk from living in a cold home are:

- people with cardiovascular conditions (in particular, heart disease, stroke, TIA, diabetes)
- people with respiratory conditions (in particular, COPD and asthma)
- people with mental health conditions
- people with learning disabilities or dementia
- people assessed as being at risk of, or having had, recurrent falls

- people with disabilities
- older people (65 and older)
- children under the age of five
- pregnant women.

### **Summary of local mitigations:**

- 2.12 Locally, co-ordination of the response is through the Fuel Poverty & Affordable Warmth Steering Group, whose membership consists of representatives from the Council's Public Health, Housing, Food Policy and Welfare, Revenues & Business Support (WRBS) teams, as well as multiple Community & Voluntary Sector (CVS) organisations including Brighton & Hove Energy Services Cooperative (BHESCo), Citizen's Advice Brighton & Hove (CABH), Money Advice Plus (MAP), National Energy Action (NEA), East Sussex Fire & Rescue Service (ESFRS), British Red Cross (BRC). The steering group continues to meet on a monthly basis to facilitate and coordinate collaboration and synergies between key partners, projects and support available to residents in the city.
- 2.13 The council's Public Health service commissions the city's 'Warmth for Wellbeing' programme each winter, providing money advice / casework and small grants (Citizen's Advice and Money Advice Plus), and home energy checks and advice (BHESCo). In May 2022, in response to increasing demand and the Cost of Living crisis, Public Health allocated an additional grant fund to continue provision of money advice / casework and small grants from June 2022 to March 2023. This is a one-off investment for 2022/23, delivered by Moneyworks partners Citizen's Advice Brighton & Hove and Money Advice Plus. Eligibility for the service is based on groups who are at highest health risk when living in a cold home, drawn from national NICE guidelines. BHESCo has also provided energy awareness sessions to key frontline teams working with people with health vulnerabilities (e.g. NHS community teams).
- 2.14 Further targeted support is also provided through Disabled Facilities Grants for older and disabled people, including Warm Safe Home Grants, and the Household Support Fund.
- 2.15 The Brighton & Hove Warmer Homes Programme will launch in Spring 2023, offering funded energy saving measures to owner occupiers and landlords in the private sector. The programme will focus support on low income households in the least energy efficient homes. The Council is in the process of procuring a Managing Agent to run the scheme including managing a supply chain of contractors to carry out the works following a comprehensive survey of each home. More details on the scheme and how people can apply will be available in due course. In the meantime funded energy efficiency measures are available to eligible households through the wider [Warmer Homes](https://www.warmerhomes.org.uk/) scheme <https://www.warmerhomes.org.uk/>. A consortium of local authorities, led by Portsmouth City Council, who have been successful in bidding for funding from central government.
- 2.16 The council's website has been updated with advice on available energy support and provides a link to the Local Energy Advice Partnership (LEAP) who can provide support and advice on energy saving measures, as well as

information on government discounts and grants available. Additionally, the communications plan will ensure that information on support and advice is clearly provided, including leaflets delivered (Feb & Dec 2022) to every household in the city providing information on key local and national support. In December 2022, Public Health also widely cascaded a comprehensive e-resource for the city's frontline workforce, listing key local support relating to fuel, food and essential costs that service users can be signposted or referred to.

- 2.17 The Council has also worked with community partners to set up an online 'Warm Welcome Directory' with information on free indoor activities and places residents can go to keep warm across the city this winter. The directory is available at [www.brighton-hove.gov.uk/warm-welcome](http://www.brighton-hove.gov.uk/warm-welcome).

**Gaps:**

- 2.18 The Brighton & Hove Fuel Poverty & Affordable Warmth Strategy (2016-2020) supports the national strategy published in 2016 and the associated NICE guidance published in 2015. It also supports the Brighton & Hove Joint Health and Wellbeing Strategy priorities, including addressing health inequalities and keeping people safe. Plans are being developed for updating the Fuel Poverty & Affordable Warmth Strategy, linking with the Council's work on the cost of living crisis.
- 2.19 The Fuel Poverty & Affordable Warmth Steering Group continues to explore options, including external funding opportunities, to establish a 'single point of contact' to provide coordinated access to local and national support. A CVS external funding bid will allow this to be established, with associated individualised energy advice, for a two-year period from April 2023.

## 3 Housing update

### Brief overview of the issue:

- 3.1 With rents rising sharply across the country, UK Government data shows that housing benefit is no longer covering the cost of renting a modest property in most parts of England. This comes at a time when the cost-of living is aggressively eating into household budgets, with inflation set to push up yearly food prices by an average of £643<sup>[1]</sup> and energy bills expected to rise by nearly £1,570<sup>[2]</sup>, taking the combined increase in living costs for the poorest families to an average of just over £2,213 in just one year.
- 3.2 In its briefing calling for increasing social rent homes, the Joseph Rowntree Foundation estimate that almost one million families are paying rents they cannot afford, and that 90% of them are in poverty - some living on more than £100 a week below the poverty line. In addition, nearly 75% of those 1m households are working households, with two thirds of them working full-time. (Joseph Rowntree Foundation, Briefing, Oct 2021 'Renters on low incomes face a policy black hole: homes for social rent are the answer')
- 3.3 This indicates that as well as the issue of Housing Benefit levels not reaching average rent levels, there is an overall affordability crisis in the private rented sector.
- 3.4 With approximately 40% of private rented sector homes occupied by households in the bottom third of incomes<sup>[3]</sup>, it is less suited to the housing needs of vulnerable people particularly given the comparatively limited security of tenure it offers. The Local Government Association has asserted that the main way to address housing insecurity is to tackle the unaffordability issues, which, it asserts, is the main reason why people lose their tenancies and become homeless.

### Local citywide impacts:

- 3.5 Brighton & Hove has a large private rented sector, compared to most similar cities; it accounts for 33% of all housing in the city<sup>[4]</sup>. Nationally, the sector accounts for 20% of homes.
- 3.6 The Office for National Statistics state that private rental prices paid by tenants in the UK increased by 3.6% in the 12 months to November 2022, representing the largest annual growth rate since 2008.
- 3.7 During 2022 we have seen significant increases in the Bank of England base rate which is currently 3.5%. This has affected mortgage interest rates and in Summer/Autumn 2022 there was turbulence in the market which resulted in higher interest rates for mortgages and the withdrawal of a number of mortgage products on the market. These changes and the additional costs may affect the confidence level of some landlords to stay in the market. Conversely some landlords will have long term plans in place and may not exit the market. There is concern though that increased cost to landlords could be passed onto tenants with rent increases.
- 3.8 There continues to be a buoyant market for Air b'n'b and short-term let homes, which contributes to the affordability and availability of housing nationally as well as locally. However, this is not a regulated housing sector at

present, so it is difficult to know the exact numbers or to gauge the real impact.

- 3.9 Although inflation has risen pushing up the price of day-to-day essentials such as food and energy, and wages have failed to keep up with inflation, rents have nevertheless increased year on year. In a city such as Brighton & Hove with a significant private rented sector this could push a number of the city's population into financial difficulties.

**Rent & Housing Benefit Comparison:**

- 3.10 The Local Housing Allowance (LHA) is a standard Housing Benefit rate based on the number and age of people in the household and the number of rooms that the household needs. It was originally set to reflect the average cost of renting different sized homes, i.e., the 50th percentile. In 2011 this was reduced to the 30th percentile which meant that 3 in 10 properties should fall within the LHA rate. The LHA is a maximum amount payable, which may be reduced due to income and savings. Since 2011 the LHA rate has been increasing below the rate of inflation while rents have increased above the rate of inflation, causing the gap between rents and housing benefit to widen. In April 2020 there was an increase in LHA rates. The table below shows that despite these increases the Local Housing Allowance is, for most property sizes, still significantly less than average rents. This reduces the chances of those on benefits finding an affordable home.
- 3.11 The issues of access to housing and the affordability gap for people dependent on Housing Benefit is further demonstrated when looking at proportions of advertised properties that meet LHA levels. The table below shows that of the 1,937 single households homes advertised within the Brighton & Hove Broad Rental Market Area between October – December 2022, only 2% were within the LHA level.

Single Household Homes	Total	Within LHA limit	Percent
Studio flat	96	29	30%
One bed flat	407	1	0%
Two bed flat	648	2	0%
Two bed house	88	0	0%
Three bed house	172	0	0%
Four bed house	526	3	1%
<b>Total</b>	<b>1,937</b>	<b>35</b>	<b>2%</b>

- 3.12 Drawing on a sample from the Valuation Office Agency we can evidence that over the last year that the annual average cost of renting has increased for all property sizes except 4 beds which has seen a decrease of 10.3%. The highest increase was seen in the cost of renting a room. A comparison against the LHA levels clearly indicates how most properties are not rented within LHA levels.

Annual 1 October to 30 September Average Monthly Rent & Inflation			
Size	2021/22	2020/21	Increase
Room	£648	£518	+25.1%
Studio	£728	£708	+2.8%
1 bed	£969	£902	+7.4%

Annual 1 October to 30 September Average Monthly Rent & Inflation			
Size	2021/22	2020/21	Increase
2 bed	£1,302	£1,225	+6.3%
3 bed	£1,603	£1,546	+3.7%
4 bed+	£2,315	£2,582	-10.3%

Brighton & Hove LHA Rates from 1 April 2022		
	Weekly Rates	Monthly Rates
Shared Accommodation	£98.96	£430.00
One Bedroom Property	£184.11	£800.00
Two Bedroom Property	£230.14	£1,000.01
Three Bedroom Property	£276.16	£1,199.98
Four Bedroom Property	£390.08	£1,694.99

#### Local impacts on specific communities:

- 3.13 Families requiring 2 bedrooms or more within the city have less opportunity than single people or couples to find rented accommodation that falls within LHA rates. Single people under the age of 35 who are subject to the 'single room allowance' will be restricted in terms of the housing options available to them if they are dependent on welfare benefits. There are disproportionate impacts of the cost-of-living crisis (and the Covid-19 pandemic) on single parent households, people living with a disability, Black and minority ethnic households, our younger tenants and children of our tenants, and people experiencing domestic violence. We will need to consider the intersectional impacts for example on people who are living with a disability, are within the LGBTQ community, and from BME communities where there are higher concentrations of those groups in the private rented sector and living on low incomes. Council focus will also increasingly be on the impacts that poverty, debt, insecure housing or inappropriate housing, domestic abuse, unemployment and anti-social behaviour can have on people's mental health.

#### National mitigations:

- 3.14 The government seeks to increase affordable housing supply through the Homes England Affordable Housing Programme 2021 – 26 which essentially

provides grant funding to registered housing providers to build affordable homes for rent and low-cost purchase. It has an annual housebuilding target of 300,000 homes; and an ambition to deliver 6,000 homes for social rent a year for five years. There is also the possibility that the government will in future consider a national private rented sector registration scheme.

**Local mitigations:**

- 3.15 The council provides advice to people at risk of homelessness to try to prevent loss of secure accommodation and helps to ensure people are in receipt of their entitled benefits to enable them to maintain their tenancies. This also can be in relation to negotiating with landlords and offering landlords and tenants independent mediation. The Housing Options Service work proactively with landlords and tenants in order to sustain tenancies, including targeted early intervention where required. The service offers a range of housing solutions and has a flexible and innovative approach to sustainment issues, not limited to intervention in arrears. We also have operational links to both statutory and third sector organisations and agencies which allows effective signposting to engage tenants with the support most appropriate to their needs.
- 3.16 Homelessness services transformation work to improve the quality and timeliness of our responses to people experiencing or threatened with homelessness, as well as the quality of accommodation provided to people housed in an emergency.
- 3.17 The Housing Revenue Account contributes to discretionary housing payments to ensure there is a wider reach of support to council tenants. The Housing service maintains a contract with Money Advice Plus to provide independent money and budgeting support to council tenants.
- 3.18 All new homes built or acquired by the council are kept at LHA rent rates or lower, and the addition of council homes means that not only are the homes affordable, but they also offer security of tenure.
- 3.19 The council has created a rent reserve within the Housing Revenue Account (HRA) to enable greater numbers of additional council homes to be provided at lower living rents or social rents. The council's Home Purchase Policy has also been expanded and, overall, an average of 109 additional council homes at affordable rents has been achieved across the supply programmes for each of the last three financial years, making the council significantly the largest provider of affordable rented homes in the city. Significantly, the partnership with Hyde Housing is enabling the delivery of 176 social rented council homes in 2023 and 2024, making a major contribution to truly affordable housing in the city.
- 3.20 The council also takes steps, working with developers and registered providers to increase the supply of affordable housing, thereby increasing the number of local residents able to access homes they can afford.
- 3.21 The council are using more modern methods of construction and sustainability features that ensure newly build homes are well insulated thereby addressing fuel poverty issues. In addition, energy efficiency measures are being retrofitted to council homes to reduce their energy consumption. The

Council's Warm Safe Homes grant will continue to support people and families in fuel poverty through providing energy efficiency measures to help manage energy bills and reduce emissions. An additional £600,000 has been made available in 2022 for these grants, in addition to £400,000 agreed last year. This grant is available to homeowners and private tenants on low incomes.

- 3.22 Further mitigations include supporting residents to apply for benefits in order to maximise incomes alongside increases in the national minimum wage. All contracts procured by the council also seek levels of social value e.g., local recruitment and apprenticeships.
- 3.23 The council has committed to review examples of 'ethical landlord' charters and progress this with key stakeholders and landlords which could contribute both to less disrepair and lower rents among participating landlords.

**Gaps:**

- 3.24 There is a widely held view that standards and conditions in private sector housing are much poorer than they are in other housing sectors. There are national reports of comparatively higher percentages of properties in the private sector that do not meet the Decent Homes Standard, than in social housing. The English Housing Survey 2021/2 highlighted 23% of the private rented sector had non decent homes compared to 10% in the social housing sector. The council are reviewing information about housing standards in the private rented sector. It has commissioned evidence studies to gather information on the condition of private rented homes to determine whether there is sufficient evidence to introduce discretionary licensing schemes.
- 3.25 Housing campaign organisations have also reported that private rented sector tenants who report disrepair issues then experience eviction as a consequence. The councils Private Sector Housing Team visit homes where disrepair reports are made. The council has a Private Sector Housing Enforcement Policy which provides the council with a range of informal and formal enforcement options to tackle disrepair.
- 3.26 The Private Sector Housing Team undertakes preventative and proactive work with landlords to identify where improvements and action are needed to avoid improvement notices. Where appropriate it will also issue improvement notices without warning where landlords do not engage with us or have a history where the Council has previously taken action against a landlord (or agent), or where the landlord (or agent) has taken retribution against a tenant in the past.

[\[1\]](#) Kantar survey, October 2022

[\[2\]](#) Ofgen, October 2022

[\[3\]](#) Nationwide Foundation

[\[4\]](#) ONS Census 2021

## 4 Cost of living Challenges - Small Businesses

### A brief overview of the issue:

- 4.1 As well as impact on household costs, high inflation is having a growing and serious impact on a significant element of the business sector, particularly small and medium sized enterprise, where the government protections are both temporary and limited. An increase in insolvencies would be very damaging and have the twofold impact of dampening the local economy and increasing local unemployment.
- 4.2 In 2018 - The Economic Strategy Evidence Base (2018) found that 86% of businesses in Brighton & Hove were micro, employing 10 or less people. In total 99.7% businesses in the city are SME, making them the lifeblood of the city's economy. These businesses employ a substantial number of people from across the region. On the back of the pandemic, which suppressed business activity for most, they are now experiencing substantial increases in energy and supply chain costs. Unlike large businesses, there are limitations on the financial shocks they can absorb and their ability to cross-subsidise activities. There is a serious risk of widespread business failure, and more government support is needed.
- 4.3 In November 2022 Brighton & Hove's inflation was 10.9% and since January 2022 the inflation rate rose by 5.5 percentage points.
- 4.4 Comparison of how prices are rising across cities and large towns:

Cities and large towns	Inflation rate (Year on year November 2022)
London	9.6%
Reading	9.9%
Crawley	10.4%
Bristol	10.8%
Southampton	10.8%
York	10.8%
<b>Brighton</b>	<b>10.9%</b>
Newcastle	10.9%
Southend	10.9%
Portsmouth	11.0%
Leeds	11.1%
Liverpool	11.2%
Plymouth	11.2%
Sheffield	11.2%
Coventry	11.3%
Worthing	11.3%
Nottingham	11.4%

- 4.5 Comparison of mean real wage growth across cities and large towns:

<b>Cities and large towns</b>	<b>Mean real wage growth (Year on year October 2022)</b>
Crawley	-3.1%
London	-3.5%
Southend	-3.6%
Bristol	-4.0%
Plymouth	-4.0%
Worthing	-4.0%
Nottingham	-4.4%
Newcastle	-4.5%
Southampton	-4.8%
<b>Brighton</b>	<b>-4.8%</b>
Portsmouth	-4.8%
Leeds	-4.8%
Liverpool	-4.8%
Sheffield	-4.8%
Coventry	-5.3%
Reading	-5.5%
York	-5.7%

- 4.6 Nominal wages rose by -0.6% between January 2022 to October 2022. Therefore, workers living in Brighton & Hove are on average £132.00 a month poorer in October 2022 than the previous year. This combined with inflation pushing up prices of goods and services means workers are facing increasing financial pressures.
- 4.7 The UK's minimum wage had risen faster than the rate of inflation over the past two decades, but it is now falling behind. As the cost of living is going up, workers' wages, especially those on the minimum wage, are being squeezed. In real terms, pay excluding bonuses dropped by 2.8% in March to May 2022 compared with the previous year, according to data from the Office for National Statistics (ONS). This was a record decline. In July 2022, the rise in the minimum wage was lower than the rate of inflation. Inflation rose to over 10% in 2022 and commitment to providing workers with stability and security by paying a decent minimum wage in line with inflation is more important than ever.
- 4.8 As well as rising energy prices, supply disruption and the rising cost of materials, our city businesses are facing skills shortages and are struggling to recruit, especially in sectors that have tended to have lower pay and poorer conditions such as care work, retail and jobs seen as more transient such as hospitality. In Brighton & Hove SMEs have other challenges, such as low productivity, housing affordability for workers and a lack of commercial space. The cost-of-living crisis is putting SMEs under renewed pressures, and they are seeing profitability squeezed due to the increase in mortgage rates, food and fuel prices.

- 4.9 To attract applicants to apply for vacant positions businesses must now focus on selling the benefits of working for them, such as working conditions, career prospects, training and most importantly a wage that employees can live on.
- 4.10 Against this difficult backdrop, one million of the 6 million businesses in the UK are owned by ethnic minority businesspeople. They generate around £74 billion for the UK economy each year and employ about 3 million workers. However [Minority Businesses Matter, a new report by OPEN for MSDUK](#) , shows that minority entrepreneurs succeed against the odds, and face constant challenges to setting up and scaling up their businesses. The report says these challenges include direct and indirect discrimination; disconnection from key financial, business, and political networks; and disproportionate levels of doubt. While these challenges hold many minority businesses back, minority entrepreneurs also have particular strengths, notably their drive to succeed, determination to overcome challenges and diversity of skills, perspectives, experiences, and contacts.
- 4.11 Only one in five businesses in the UK is run by a woman<sup>[1]</sup> and in 2018 Government launched a review into the barriers to [women in business](#) - the 2019 Rose Review of Female Entrepreneurship revealed that the advancement of female entrepreneurs could be worth £250bn to the UK economy. A fear of failure is actively holding back some women from creating start-ups: one in eight working women wants to start their own business compared with just 8 per cent of men<sup>[2]</sup>. Yet of the six million businesses currently active in the UK, just 20 per cent are run by female founders. Women also tend to start businesses with much less available capital than male entrepreneurs. According to the Entrepreneurs Network, nine per cent of funding for UK start-ups goes to women-run businesses. The other factors include psychological barriers, juggling childcare and a lack of networks and mentors for female entrepreneurs.

#### **Gaps:**

- 4.12 SMEs in Brighton & Hove do not have access to large reserves to see them through the cost-of-living crisis and are dependent wholly on support mechanisms put in place.
- 4.13 The main gaps in support for SMEs are highlighted in the #BusinessSOS campaign which warns of mass closure and redundancies if immediate and effective action isn't taken by the Government in the face of spiralling energy costs that are proving more detrimental than the Pandemic.
- 4.14 The visitor economy, for example, recovered from the Covid 19 pandemic in 2021 and early 2022 but is now under pressure due to inflation rising, rising food and energy prices combined with the slow return of overseas visitors.
- 4.15 Businesses are facing spiralling energy costs and the energy crisis is potentially superseding the pandemic with the threat of causing irreversible damage to the high street and local economy. Margins are being squeezed and SMEs need support beyond the energy crisis, otherwise they may not be sustainable.
- 4.16 The #BusinessSOS campaign is asking for support including:

- Suspension of Covid loan debt repayments for up to two years (with potential eligibility criteria)
  - Reduction of tourism VAT to 5% (i.e. holiday and hospitality services and packages), and;
  - Introduction of dedicated Business Grant support for SMEs and pubs to help with costs over the winter (with potential eligibility criteria).
- 4.17 The Brighton Business Improvement District and Brighton & Hove Economic Partnership (BHEP) are backing the #BusinessSOS campaign seeking further government support.
- 4.18 The concern is these measures will not go far enough, particularly for the SMEs in the visitor economy sector, and therefore the council will also work with the city's MPs to lobby for:
- 4.19 A reduction on VAT on energy for businesses to 5% for a minimum period of 24 months to boost demand in the sector, and;
- 4.20 Capping energy prices at 2021 levels for SME's and pubs.
- 4.21 The council will work with GBEB and local business representatives to understand their members' concerns and work with them to continue supporting small businesses.

**National mitigations:**

- 4.22 Nationally, Government has introduced an energy bill relief scheme for business and non-domestic customers is in place until March 2023 (criteria applies), whereby reduction to bills for eligible customers is applied by the supplier, plus ongoing advice to support reduction of emissions to businesses.

**Local Mitigations:**

- 4.23 Some of the key local business support initiatives are outlined below.

**Brighton & Hove Living Wage**

- 4.24 The city council supports the Brighton & Hove Living Wage (the 'Real' Living Wage for the city) and advocates for the advantages and business literacy of businesses adopting the Brighton & Hove Living Wage. The campaign's main objective is to ensure employees can afford to stay in their jobs, focus on helping businesses attract new staff and keep valuable staff.
- 4.25 Launched in 2012, the Brighton & Hove Living Wage Campaign encourages local businesses to voluntarily pay all employees the Real Living Wage instead of the government's national minimum wage. The campaign is led by Brighton Chamber and supported by Brighton & Hove City Council and Unison. Brighton & Hove City Council has funded Brighton Chamber to deliver the Living Wage Campaign since its inception.
- 4.26 The Real Living Wage is set independently and calculated annually, based on the amount a person needs to live to a reasonable standard. The current real Living Wage is £10.90 per hour. The new rate is announced every November and businesses are given until 1st of April to implement the new rate however, this year due to rising inflation, the rate was announced early in September.

- 4.27 Every week more and more employers in Brighton & Hove are making the commitment to pay the Real Living Wage. The campaign has 849 employers that have already made the pledge and raised 4,294 salaries; ensuring that our residents receive a wage that they can live on.

### **Business & IP Centre Sussex**

- 4.28 The [Business & IP Centre Sussex](#) supports people from all walks of life to start up, protect and grow their businesses by giving them access to vital market intelligence, IP resources, training, 1:1 advice and mentoring in a trusted and accessible space.
- 4.29 The BIPC is a collaboration with the British Library with a proven track record of supporting local economic growth, as highlighted in 2019 when an [independent economic evaluation](#) showed that the BIPC Network was creating £6.95 of public value for every £1 invested.
- 4.30 The national survey also revealed that those businesses which started with the support of the Business & IP Centre demonstrated strong survival rates. For the general business population, after three years, only six in every ten businesses are still trading, compared with an average of nine in ten for BIPC supported businesses.
- 4.31 BIPC Sussex is currently delivered through an online and in-person programme, with the regional hub in Brighton & Hove at Jubilee Library and BIPC Locals in Crawley, Eastbourne and Hastings. In 2021/22 the BIPC Sussex supported around 1,100 pre-starts, start-ups and existing SMEs, and was particularly successful at helping under-represented groups in business – 68% of start-ups assisted by the BIPC were led by female entrepreneurs and 15% by BAME entrepreneurs, compared with just 20% and 5% business ownership respectively across the UK. 12% of the entrepreneurs we supported have a disability, 10% are unemployed and 19% are ‘young people’ aged 16-35.

<sup>[1]</sup> [gov.uk/government/news/treasury-launches-review-into-barriers-for-women-in-business](https://www.gov.uk/government/news/treasury-launches-review-into-barriers-for-women-in-business)

<sup>[2]</sup> According to research from FreeAgent and OnePoll