

REPORT TO: Cabinet

MEETING DATE: 21 January 2025

BY: Executive Director for Council Resources

SUBJECT: Impact of Austerity

1 PURPOSE

- 1.1 Following on from a motion presented to Council on 29 October 2024, this report sets out the potential measures that may be available to the Council to address the impact of continuing 'austerity' on the community.

2 RECOMMENDATIONS

- 2.1 Cabinet is recommended to note the content of the report.

3 BACKGROUND

- 3.1 Over recent years, most households have experienced significant increases in household finances aligned to an ongoing cost-of-living crisis. Much of this has been driven by a wide range of external factors, including a global pandemic and economic pressures including recession, interest rates, and economic turbulence affecting the energy market. The impact has been wholesale, affecting both our communities and many households, particularly those on lower income.
- 3.2 During this time, the Council has continued to focus on mitigating and supporting those households who have been most affected, aligning policies and strategies, and providing financial support to those most impacted within the resource envelope available. This has continued to be extremely challenging, particularly given the continued pressure on Council funding and growing demands, with much of the focus aligned to statutory schemes and maximising benefit uptake.
- 3.3 As a reminder, most of the Council's funding is supported by national government, with the balance of just under a quarter supported by other funding, including Council Tax. The funding made available through

national budgets (both UK Government (UKG) and Scottish Government (SG)) has a significant impact on the funding available to support the delivery of local services and local priorities, and in recent years the continued pressure on public finances, and in particular the complexity and conditions imposed on the Local Government Finance Settlement, has made balancing service delivery, statutory obligations and supporting local outcomes, at the same time being able to transform and mitigate the impact of austerity on our communities, very difficult. At a local level this has been further impacted by the additional pressures arising from supporting a growing population and the impact this has had on the delivery of essential local services within a reduced funding envelope.

3.4 At its meeting in October 2024, Council agreed for a report to consider the potential measures available to it to address the impact of continuing 'austerity' on our communities to be brought back to either Council or Cabinet for consideration.

3.5 The Council has continued to focus on alignment of strategies to support early intervention and prevention including:

- Re-prioritisation of the Council Plan, whilst retaining the original objectives, including supporting reducing poverty and inequalities. The new focussed priorities include:
 - Enhanced focus on financial sustainability of the Council;
 - Target resources on statutory services and focus on the highest risks and those most in need;
 - Deliver key infrastructure, economic development and environmentally sustainable projects within available Council resources and maximising external funding.
- Refreshed Poverty Plan which is focussing on tackling poverty and getting more cash in people's pockets;
- Refreshed Local Economy Strategy focussed on economic development, job creation and embedding the principle of community wealth building;
- Refreshed Local Housing Strategy.

3.6 In addition, Council services have continued to work in partnership with our communities to support those most in need and are facing the most significant impact of ongoing austerity measures, including:

- Providing an enhanced range of advice to all local residents and tenants to maximise benefit take-up;
- Investing in an in-house Financial Inclusion Service. During 2023/24, for every £1 invested, household income for residents

using the service was increased by £9.46 in benefits and grants, which may otherwise have gone unclaimed;

- Working in partnership with Macmillan to provide a welfare benefit advice and advocacy service to people with cancer and their families and carers, to help them live as normal a life as possible, maintain independence and improve their quality of life;
- The Council continues to maximise all opportunities to deliver affordable housing within East Lothian, although much of this remains dependent on national grant subsidy;
- Continuing to invest in energy efficiency initiatives to support those in fuel poverty;
- Continuing to work to support and improve the employability opportunities through skills development, job creation and community wealth building within our local communities. This has included the Council becoming a Real Living Wage accredited employer.
- Continuing to focus on reducing the poverty-related attainment gap for our children and young people, closely monitored through the Education Improvement Plan.
- Continuing to support those most vulnerable within society to live independently in their own home.

3.7 The Council's ability to provide additional and ongoing support must sit within the resources it has available, and also national policy direction. As the challenges in public sector funding remains, difficult policy decisions are being taken at a UKG, SG and local level to balance obligations within the limited resources available. The compounded nature of ongoing cost-of-living challenges alongside new policy choices impact on communities and households very differently. Understanding the impact of these decisions and how the Council can support remains essential.

3.8 Current measures of support include:

- Statutory schemes such as Housing Benefit, Council Tax Reductions and Discretionary Housing Payments will continue to be delivered by the Council as per the conditions stated within each scheme, and the Council will continue to actively ensure that they work with customers to ensure they are maximising their full entitlement. The Council has a dedicated web page designed to support and ensure people receive the financial support they are entitled to and supports advice and guidance across a wide range of benefits.
- The Council has continued to support a campaign designed to increase Pension Credit take up aligned to the changes in Winter Fuel Payment. This promotion has continued to see a positive

increase in the take up of pension credit and work remains ongoing to maximise take-up.

- The Council continues to promote and administer the Scottish Welfare Fund (SWF) which is a Scottish Government scheme designed to assist those most vulnerable households through the provision of grants. The funding to support this was made available in the national funding settlement, but in recent years demand has significantly outstripped resources available. During 2023/24, the Council moved to an award of community care grants based on 'highest and most compelling' assessment criteria. The Scottish Government has provided additional non-recurring funding during this year to support the ongoing pressures and increased demand, but unless substantial additional recurring funding is made available, it may be difficult for the Council to provide enhanced resources to meet the growing levels of demand.
- The Council has also provided funding to support a local Energy Advice Service supported by Changeworks, which offers in-depth energy advice and information, grant applications to support those in fuel poverty and advocacy work with energy suppliers particularly in supporting managing household energy debt. The ability to support this service on an ongoing basis will remain dependent on recurring additional funding being made available.

3.9 The Council received its draft local government finance settlement in mid-December, with full budget considerations for 2025/26 and future years' budget plans to be considered by Council on 18 February 2025. As part of this, Council will need to determine any flexibility and policy choices to support ongoing mitigations supporting those most vulnerable households.

3.10 In setting this, Council will also need to determine the impact of changes in national policies, including how the cost increase in employers' National Insurance contributions rate will be funded, with national discussions between UK and Scottish Government. This will not only significantly increase the cost of delivering Council services but will also increase the cost of many commissioned services procured by the Council, including those within the Integration Joint Board (IJB). Officers are continuing to work to ascertain the extent of this pressure, and to support national discussions, but without additional national resources, this will require some difficult decisions.

3.11 It is anticipated that multi-year funding to support the financial sustainability of vital and essential public services will be confirmed in the spring pending the outcome of the UKG Spending Review. Whilst it remains unclear what the outcome of this will deliver both in terms of available funding to support public services, and indeed political choices being made available through devolved budget decisions taken by the Scottish Government, this may provide some certainty to support comprehensive medium-term financial planning going forward and

potentially some additional funding that could be used to provide further support.

4 POLICY IMPLICATIONS

4.1 There are no direct policy implications which arise from this report.

5 INTEGRATED IMPACT ASSESSMENT

5.1 Any policy decisions aligned to budget decisions may need to be supported by updated integrated impact assessment.

6 RESOURCE IMPLICATIONS

6.1 Financial – Any on-going measures will need to be considered within the available resources to the Council.

6.2 Personnel - none

6.3 Other – none

7 BACKGROUND PAPERS

7.1 Motion to Council on 29 October 2024: 'Impact of Austerity', available at: [Agendas, reports and minutes | East Lothian Council](#)

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