

Rt. Hon Rishi Sunak  
Prime Minister  
10, Downing Street  
London  
SW1A 2AA

Cllr Sharon Thompson  
Deputy Leader, Birmingham City Council  
On behalf of Core Cities UK

6 November 2023

### **Cost of Living Crisis – How Government Can Help**

Dear Prime Minister,

As we move into the winter months, with inflation still high and the cost of energy, food, housing and other essentials continuing to cause severe financial stress for millions of our fellow citizens, the city of Birmingham is holding a Cost of Living Week from 6-10 November.

The aim of the week is to spotlight some of the many programmes being provided by community and voluntary organisations in the city and to raise awareness of the support that is available. It will also encourage private businesses to contribute to this work and celebrate those that are already doing so.

This crisis has stimulated a significant civic outpouring in Birmingham and all our major cities. As City Councils we are working in this endeavour with numerous partners (400 in the case of Birmingham), from faith centres to the third sector and from schools to large and small businesses.

But the week is also a moment for all of us in public service, whether in local, regional or central government, to reflect on what more we could do to make life a little easier for those who are suffering the most at this time.

As the leaders of the UK's eleven largest cities outside of London, we represent many of the most deprived and stressed communities in the country. So, we wanted to send a joint message as Core Cities UK, and ahead of the Autumn Statement about the additional help that you in government could provide.

For our part, as cities we have responded by mobilising every possible partnership and resource to address the situation, including:

- Setting up Warm Spaces.
- Providing foodbanks with cash contributions to allow continuation of their work over the winter months.

- Identifying welfare benefits maximisation through improved accessibility of in-person and telephone support.
- Providing homes with additional energy bill top ups.

However hard we work to support our citizens in the face of ravaging inflation, there is much more that we need to do and there are many ways that the Government could help. I have attached to this letter some details of the most urgent reforms, but in summary the government can make a huge difference through some straightforward changes to the benefits system, including:

- **Providing more support to young people** including co-location of DWP services with other support, speeding up the rent simplification pilot in the WMs trailblazer devolution deal and transferring it to the other cities, paying standard Universal Credit rates to all those living independently and re-introducing the Work Allowance.
- **Improving General claimant support** through recruiting and training more work coaches and making the system more accessible.
- **Understanding and acting on the huge divergence in the use of sanctions** between different local areas.
- **Improving co-ordination between Universal Credit Housing Allowance and Council Tax Support**
- **Ending the freeze on Local Housing Allowance**
- **Expanding and better targeting the Household Support Fund and making it more flexible**, including multi-year funding.

It is also clear that the influence of government could make a big difference to our efforts to get corporate business to support local programmes and to look at their own recruitment and training processes with a view to offering a way out of poverty for more young people.

With all the other challenges that the country is facing, and the difficult international situation, we would urge you not to forget the ongoing crisis that is blighting the quality of life of millions of our citizens and the life chances of children and young people. We trust they will be uppermost in your mind when your Government presents the Autumn Statement and next Spring's Budget. We stand ready to engage with your government to implement these changes in our cities, including working where appropriate with the devolved governments in Scotland, Wales and Northern Ireland and continuing conversations on where devolution can deliver better outcomes.



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## Annex: Proposals for Benefit System Reforms

### Support for Young People

In Birmingham, youth unemployment sits at 12.4%. When we remove economically inactive young people such as students, youth unemployment in the city rises to approximately 20%. A similar story can be told in all our cities. Exacerbating this situation, benefit levels for under 25s are below destitution level.

There has been some good practice that should be built on. St Basils, the Young People's Charity, has a DWP officer and some of their services co-located in the Youth Hub in Birmingham, and this makes an enormous difference in ensuring young people can navigate the system. **More co-location away from Jobcentres, and where people attend in communities makes a difference and should be encouraged.** As stated above, we now have many Warm Welcome Spaces which, as increasingly popular community spaces, could give the DWP much more reach than the Jobcentres.

The Trailblazer Devolution Deal for the West Midlands includes a **rent simplification pilot** to encourage young people in supported housing to work, by simplifying the navigation of two different benefit systems and work. Sadly, DWP nationally seems to be finding barriers to the implementation of the pilot. Any support in speeding up this simplification would be most welcome.

We have systemic destitution amongst our least experienced citizens, with disincentives to work if they have no access to family support. **We would urge the Government to consider urgently, the need to pay the Universal Credit standard 25 or over rate to all young people who are living independently.** Such a move would recognise that the costs associated with living outside the family home are not differentiated at all by age, and a £70 a month increase would ease the strain for young people managing in their own homes during this crisis.

Once a person in supported accommodation works enough hours that their Universal Credit is reduced to nothing, their Housing Benefit also starts to taper, leaving them responsible for paying their rent. This discourages young people from going into work, as most or all their earnings end up being spent on their rent. **We would therefore urge government to reinstate the Work Allowance** (which was abolished for single adults in 2016). This would increase the amount that people can earn before their Universal Credit is reduced and help mitigate against the rate at which Housing Benefit is reduced for those working while living in supported housing.

A social security system that supports rather than deters young people wanting to move into employment could have broader economic benefits in the context of current UK labour shortages.

## **General Claimant Support**

**Claimants also need extra help to navigate the benefits system and must be better supported by Work Coaches to access the right level of support and information first time.** Work Coaches simply cannot deal with all the presenting issues in a typical ten-minute interview. Recruitment and retention of Work Coaches is also a challenge, and training for new starters is quite limited, impacting on the quality of service available to claimants. DWP should also **accelerate plans to have information available in 'Easy Read' format as well as review the often lengthy and time-consuming forms that must be completed to accompany benefit claims.**

It should still be appreciated that online application processes and the maintaining of online journals does not suit everyone and leads to many of the most vulnerable having unclaimed benefits. Support should not simply be available at the beginning of a claim, but on an ongoing basis if required whilst at the same time striving to build up individuals' skills.

## **The Disproportionate use of Sanctions**

For those in receipt of benefit, the level of 'sanctions' shows marked variation between local areas, with some constituencies having two to three times the level of sanctions seen in others. This drives demand toward food banks and other crisis support, pushing often very vulnerable citizens yet further into poverty.

**The reasons for the disproportionate application of sanctions in some areas need to be urgently understood.** Local DWP colleagues are unable to explain this and there is a need for greater transparency and data sharing between DWP and local partners. It is also clear from our experience that sanctions are wholly counterproductive and simply place further, unacceptable pressures upon people who need help and support.

## **The Co-ordination of Universal Credit Housing, and Council Tax Support**

Since the delinking of these two benefits, our benefits teams have repeatedly asked DWP colleagues to ensure that anyone applying for universal credit is asked to also apply for Council Tax Support. However, we have seen a gradual reduction in applications for Council Tax Support. This is puzzling at a time of such great financial hardship. We obviously want to ensure that we are providing Council Tax Relief for all the most vulnerable of our households and that we are not pursuing these households for Council Tax. This relief can save citizens hundreds of pounds while saving the council futile, attempted recovery costs. **Ensuring that DWP inform our citizens of Council Tax Support would therefore be a valuable step.**

## **Ending the freeze on Local Housing Allowance**

The LHA has now been frozen since April 2020. The period since then has seen unprecedented rises in private sector rent levels as well as the wider cost of living crisis. This is resulting in many more individuals and households becoming homeless through not being able to afford their rent. This brings with it huge increases in local authority costs for temporary accommodation and an increase in rough sleeping. We therefore support the LGA's call for an increase in the allowance to be announced at the Autumn Statement.

## **Household Support Fund**

Whilst the Household Support Fund is a necessary and important intervention by the Government in these times of great need, at £25m in Birmingham, it is nowhere near enough to alleviate the great hardship our poorest citizens experience. **The formula for the distribution of Household Support Fund needs to be urgently reviewed.**

**The fund also needs to be more flexible.** Being an annual fund, which is only announced late in the previous financial year, makes it hard to manage. If it was a multi-year fund, it could be used to create long term sustainability in people's lives. We struggle for instance to recruit benefits advisors (allowable under the fund) for one year at a time rather than on a full-time basis. Training these advisors can take upwards of six months, by which time, they are in danger of redundancy because the annual fund is coming to an end, and we do not know if it will be renewed.

**It would also help if we could use the fund to offer employment advice** (rather than just benefits advice) – it is much better to get people into work than simply securing them additional benefits.