

Credit Crunch Taskforce Report

November 2008



Foreword

At the time of writing this introduction, we remain in the midst of a truly global financial crisis of a scale not seen since the Great Depression in the 1930s.

The Government has even gone as far as investing billions to part nationalise and save some of our biggest banks from going bust. But how has this impacted Lambeth?

First time buyers are struggling to get on the housing ladder and good mortgage deals have dried up for existing customers. Prices are rising too; the cost of food, fuel and energy has skyrocketed which has hit household budgets. Even the council is not immune. You may have heard that many local authorities have lost millions because of a bank failing in Iceland, thankfully Lambeth was unaffected but still we have felt the impact of the credit crunch in other ways. We had no choice but to accept a higher priced energy contract which then meant passing on higher charges for residents on communal heating. Even though these factors are out of our control, we have been acutely aware of the financial pressure this has placed on our residents.

Undoubtedly we will face further unknowns. It is clear that people need help now, and need to be prepared for the future.

This is where the work of this taskforce aims to help. While Lambeth's budgets are holding up well in the face of the economic downturn, as much as we would like to, we can't write a blank cheque giving large cash handouts to our residents – if that were the case the taskforce's recommendations would have been much more straightforward.

Instead, we have drawn on the knowledge of community leaders, local experts and the experiences of other councils to understand exactly how residents are being affected, as well as gather information about what services already exist to help those who are struggling. The taskforce has then deliberately asked questions. How do we make our services better? How can we make sure all residents get the benefits they are entitled to? How can we help people with their loans and bills? How can we help people into work?

This is how we reached our conclusions in this report. I think the recommendations show great promise and are a comprehensive package. If we successfully run benefit drives in our communities then we will get much needed extra money in residents' pockets quickly. If we can extend advice services into our neighbourhoods then we can prevent people falling into a never ending debt spiral and turning to loan sharks. If we can help people to develop new skills, we can help them get a new job. And if we can help people to obtain credit, reduce costs and work with energy companies to help those in fuel poverty then the taskforce's effect will be seen in homes across Lambeth.

I would like to thank the members of the taskforce for their valuable contributions to this report. It is by no means comprehensive, nor does it seek to be, it is targeted at finding ways we can immediately help Lambeth residents, but perhaps this report will lead to a recognition both here in Lambeth and in local authorities nationwide that a change of approach is needed to meet the economic challenges that we will almost certainly face in the coming months and years. The real work begins now. We have set the first challenges and I look forward to showing the leadership and making the right changes that will help Lambeth residents through the tougher times ahead of us.



Cllr Jim Dickson Cabinet Member for Finance & Resources
Chair of Lambeth's Credit Crunch Taskforce

Executive Summary of Recommendations

The following are the recommendations of the taskforce. It is agreed that Cabinet Members will report back within a period of 3 months on the feasibility and timescales for implementing these recommendations.

Income, Credit and Debt

- 1. The council examine all possibilities it may have to alleviate financial pressures on residents of the Borough – particularly those on low incomes, by providing some relief from the fees and charges levied by the council itself.*
- 2. The council re-examine the focus of the Every Pound Counts Campaign with a fresh approach to outreach work - using existing groups within communities such as tenants' and residents' associations, community centres, GP surgeries, children's centres and One O'clock clubs.*
- 3. The council should explore setting up a local version of the social fund to provide emergency grants or short-term interest free loans to assist those residents in acute financial crisis.*
- 4. The council should explore the expansion of the partnership with the Lambeth Savings and Credit Union to assist more residents to obtain sound financial advice and access to credit.*
- 5. The council should investigate the feasibility of including a dedicated advice line, perhaps serviced by the Lambeth Service Centre that would be able to direct residents effectively to the right advice.*
- 6. The council should improve its communications to residents as means of simplifying the process of accessing the right debt advice.*
- 7. The council should work with local advice centres to expand the capacity of those local advice centres including investigation of greater outreach work or a roving or mobile function.*
- 8. The council should maximise bidding for further funding from external sources and work with energy companies to maximise the numbers helped by energy savings trusts.*
- 9. The council should develop a programme of financial management and awareness projects aimed at young people.*
- 10. The council should develop an advice strategy to ensure a more co-ordinated approach to advice services and guaranteeing that the council offers accessible services to all its vulnerable residents.*
- 11. The council should explore the opportunity for mapping the number of multiple debtors who use its services and development of a more efficient debt management system to enable this.*
- 12. The council should investigate establishing a food co-operative/buying group pilot, through established community networks*
- 13. The council should promote local exchange schemes in Lambeth and actively increase membership where they exist already.*

- 14. The council should promote and expand food growing groups and networks across the borough.*

Energy and Fuel

- 15. The council should explore the potential for creating Energy Action Zones in Lambeth, modelled on best practice elsewhere and involving a partnership between the energy industry and the council.*
- 16. The council should investigate setting up of workshops in community venues, providing residents with advice and information on managing increased fuel costs caused by the global economic situation.*
- 17. The council should do all it can to negotiate an improved energy contract when the current agreement expires and to pass any savings onto residents.*

Housing

- 18. The council should build on the government's housing support measures by working with RSLs, local banks and lenders to identify methods of providing further assistance to Lambeth residents who are at risk of defaulting on their loans.*
- 19. The council should consider a fresh package of support for housing markets and social housing in Lambeth including the adoption of Rent to Buy and the Housing Rescue Scheme.*
- 20. The council should lobby central government to set aside funds to allow local councils to offer mortgages under prudential borrowing rules to help first time buyers and the housing market*
- 21. The council should lobby central government for additional funding to allow the development of capital projects for more affordable housing.*

Worklessness

- 22. The council should examine ways of maximising awareness of the employment hubs initiative so that benefit to the community and individuals is increased.*
- 23. The council should work to reduce the payment time for council suppliers from 30 days to a target of 10 days.*
- 24. The council should promote Small Business Rates Relief potentially through Council's internet business page*
- 25. The council should provide a focal point for businesses in Lambeth to share ideas for the challenges of the current economic downturn.*
- 26. The council should implement an additional business financial advice service to work alongside the current business team.*
- 27. The council should consider developing an anti-poverty strategy to support the council in achieving the vision and objectives set out in the SCS.*

Introduction

The UK economy has been experiencing a slow down since the American sub-prime mortgage crisis and the resultant global financial credit crunch. This has led to the collapse of a number of major banks and plunging share prices across the globe.

According to the Office for National Statistics (ONS), the UK economy did not grow at all in the second quarter of 2008 (0%). This follows 15 years of consecutive growth and represents the weakest figures since 1992. According to the Organisation for Economic Co-operation and Development (OECD) the UK will enter a recession¹ this year. The OECD predicts that the UK economy will shrink at an annual rate of 0.3% in the third quarter and by 0.4% in the fourth quarter.

The 'Credit Crunch' has a great impact on the everyday lives of us all. It is much harder to get access to credit facilities (loans, mortgages and other forms of borrowing) because institutions are more risk averse and stringent in their rules. Food prices are rising at their highest rates since 1993 and increases in fuel prices have increased the cost of living for all.

As the credit crunch is still an emerging issue, the impact on Lambeth and its residents thus far is difficult to measure, however initial work by the LGA has highlighted the following possible impacts of the credit crunch:

- **Debt:** the buoyant economy encouraged people to borrow beyond their means and as the credit situation tightens people are finding it increasingly difficult to repay their debts. This then impacts on their ability to pay their bills such as council tax. People in debt may also seek financial advice
- **Labour market:** There could be an increase in those turning to benefits as they can't find work – although this may be mitigated by new welfare reforms
- **Housing:** Individuals found homeless could be in need of social housing with a particular increase in the demand for temporary housing. It is estimated that by 2010 there will be an additional 5 million people in need of social housing nationwide.
- **Housing stock:** The number of homes built by the private sector may fall, thus affecting house building targets and putting pressure on social housing provision. There could also be a drop in land value, potentially allowing housing associations to acquire land more cheaply
- **Equity:** Many retired people rely on the equity of their house to fund social care. If this decreases, this may place more demand on social care services. This may also impact take up of benefits and state pension provision
- **Capital Projects:** Danger that a number of prestige capital projects could be abandoned. However, the Government has signalled that planned capital projects (schools and hospitals) could be brought forward as a way to stimulate the economy
- **Child Poverty:** Increased worklessness will have an impact on child poverty – with the risk of poverty rising from 14% to 58% when both parents are not working

¹ Recession is defined as two consecutive quarters of negative growth

Central government has taken measures designed to tackle the challenges arising as a result of the credit crunch. These include providing financial support for failing banks, introducing measures designed to support the ailing housing market and ensuring vulnerable people are able to meet the rising costs of energy. However people across the country continue to struggle to meet the increasing costs of living and local authorities have a crucial role to play to support residents through the worst of the economic hardship.

Lambeth Council set up the Credit Crunch Taskforce to examine the challenges faced by the borough and to propose ways the council can now, or could subject to appropriate legal or regulatory change, offer help to Lambeth's residents suffering the consequences of the global economic downturn caused by the 'credit crunch'. This report presents the findings of the taskforce having taken into account what existing programmes or initiatives exist in Lambeth; the government's recent measures; best practice from other councils and quantitative and qualitative data from across the borough.

At the end of the report the Taskforce has made **27** recommendations, identifying ways in which the council can work to protect its most vulnerable residents and provide support and advice to all residents as we experience this time of economic uncertainty. The recommendations set out by the Taskforce have been designed to provide direction to the council in developing comprehensive action plans to tackle the challenges presented by the economic downturn.

The impact of the economic downturn

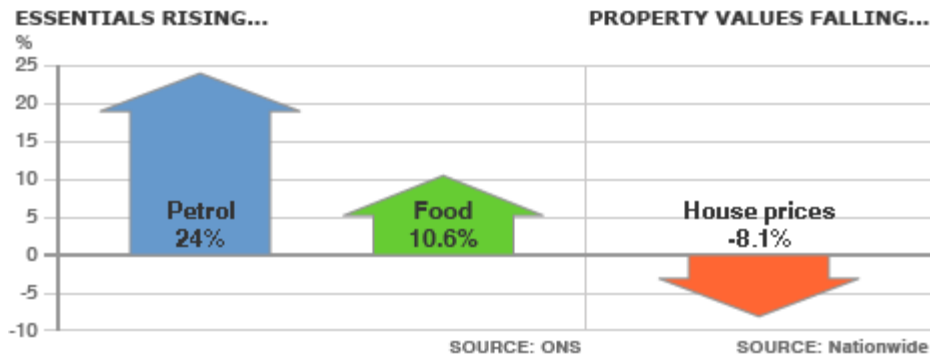
On People

Everyday life has become increasingly more expensive over the past year. The rate of inflation has been significantly higher than the government target since the end of 2007. Significant increases are evident in the Consumer Price Index (CPI) and the Retail Price Index excluding mortgages (RPIX). By July 2008 inflation levels were: CPI - 4.4%, more than double the July 2007 figure and RPI - 5.0%, which is also a significant increase from the same time the previous year.

Though the Bank of England has recently cut interest rates by 1.5% (from 4.5% - 3%), this decrease has not been reflected in the London Interbank Offered Rate (LIBOR), which has been decreasing at a much slower rate. The LIBOR currently stands at 5.56% having stood at around 6% at the beginning of the economic downturn. This has meant that the benefits of the interest rate cuts have not always been passed on to consumers and homeowners. A number of lenders have even responded to the Bank of England cuts by withdrawing tracker mortgages from the market or increasing the rates on tracker mortgages for new customers.²

The rise in inflation has been exacerbated by the fact that there has been no such rise in wages and benefits meaning that in real terms, as inflation rises people are getting poorer. The price of basic commodities have sharply increased in this period; the change in petrol and fuel prices from June 2007 to June 2008, and house prices from July 2007 to July 2008 are shown below in modelling undertaken by BBC business.

² [Lenders withdraw tracker mortgage ranges | Money | The Guardian](#)



Fuel - Over the past 12 months the cost of oil has increased by 91% (HM Treasury), this has a knock-on effect on the price of fuels in the UK. All of the major UK energy suppliers have increased costs in the last 12 months, with British Gas raising the price of gas by 35% and EDF by 22%. According to government estimates 4.5million people in the UK now live in fuel poverty³.

According to the AA September Fuel Price report the average UK petrol price is now 113p for unleaded and 124p for diesel. This is a slight decrease on previous months following month on month increases since the beginning of the year.

Food - Recent research suggests that food prices were actually 13.7% higher in July 2008 than in the same month a year earlier. The increase in the cost of food items is even more acute when individual items are examined: (all increases have been measured over a year – July 07 – July 08)

- Fruit +7.3%
- Bread+13%
- Milk +13.5%
- Cheese +15.8%
- Eggs +33.3%

(Source: BBC Business: 'The UK Squeeze', 5 August 2008)

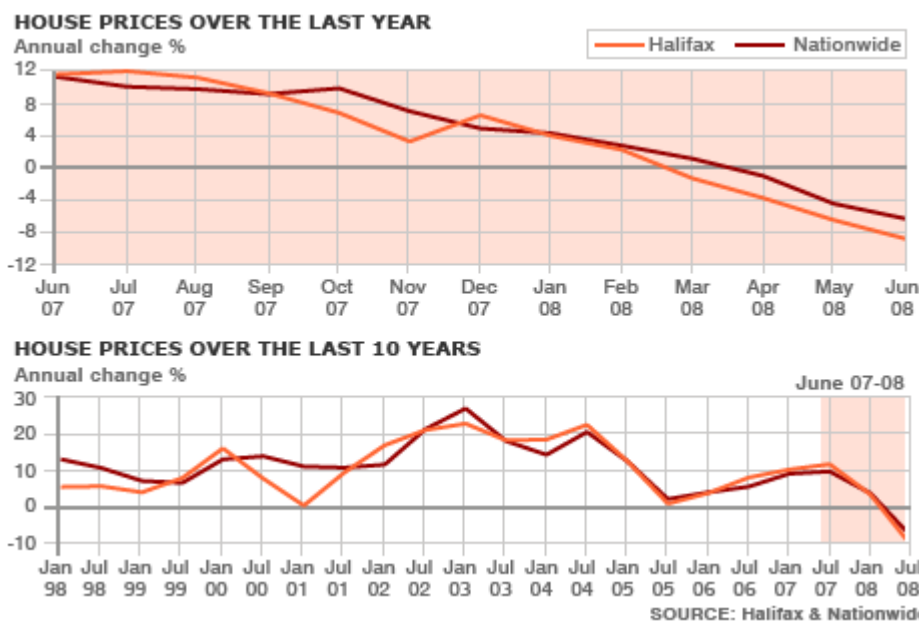
Housing - The housing market has seen negative growth in house prices and greater restrictions placed on borrowing. This has led to an overall slowdown in the housing market as people find it more difficult to secure mortgages, which impacts on home owners or those wishing to become home owners in a number of ways:

- 100% mortgages are no longer available
- Larger deposits are now required – 25% is commonly requested
- Variable mortgage rates have increased

The housing affordability crisis has led to a slowdown in the housing market. According to the estate agent Foxton's this is due to houses remaining on the market longer, buyers being more likely to pull out of a sale and buyer's becoming less likely to meet the asking price. According to CLG figures the rate of increase in average house prices has begun to slow after reaching a peak in the third quarter of 2007.

The trend in house prices over both the past year and the last 10 years is plotted below:

³ In the UK fuel poverty is said to occur when in order to heat its home to an adequate standard of warmth a household needs to spend more than 10% of its income on total fuel use.



Due to previously high house prices and the easy availability of credit, many homeowners have borrowed beyond their means and the number of people in mortgage arrears is beginning to rise along with the number of homes repossessed in England which has increased by 71% since 2007, according to Guardian Money. In the first half of 2008 alone, over 20,000 homes were seized by lenders (Source: Council of Mortgage Lenders).

Unemployment - The number of people out of work rose at the fastest rate since the recession of the early 1990s in the three months to August, prompting fears that the jobless total will break through the 2 million level by Christmas. The jobless rate leapt to 5.75% from 5.2%, also the largest change since 1991. The claimant count, which is the number of people claiming Job Seeker's Allowance (JSA) benefits, has also risen, reaching 864,700 in July 2008, up 10,900 over the year.

The regional increases in the number of job losses since the previous quarter are given below:

Region	Job losses
East	10,000
East Midlands	13,000
London	39,000
North East	5,000
North West	14,000
South East	28,000
South West	3,000
West Midlands	4,000
Yorkshire & Humber	17,000
Total	133,000

From the table above it is evident that London and the South-east have accounted for half (50.4%) of job losses in England between June and August 2008.

However, there has not yet been a significant increase in the levels of unemployment in the borough. The number of new claimants of JSA (those claiming JSA for 6 months or less) has seen a 6% increase from January 2008 – October 2008, this follows a decrease in the year April 06 – April 07:

JSA up to 6 months

Date	Lambeth	Lambeth	London	Great Britain
		(%)	(%)	(%)
Apr-06	5,425	58.1	59	66
Jul-06	5,170	57.1	58.1	63.8
Oct-06	5,175	57.8	59.1	63.9
Jan-07	5,075	57.7	59.6	66.2
Apr-07	4,785	56.6	59.3	65
Jul-07	4,675	58.3	61.5	65.9
Oct-07	4,680	61.2	64.2	68
Jan-08	4,355	60.3	64.5	70.4
Apr-08	4,430	62.4	65.2	71
Jul-08	4,725	66.4	68.2	72.8

Source: ONS claimant count - age and duration (NOMIS)

Note: % is a proportion of all JSA claimants

Unemployment in Lambeth remains higher than both the London and national average. Unemployment in the borough has slowly increased in the 12 months to Dec 07 following a low at the end of 2006.

Unemployment in Lambeth

Date	Lambeth	London	Great Britain
	(%)	(%)	(%)
Jul 05-Jun 06	9.4	7.8	5.3
Oct 05-Sep 06	9.5	6.9	5.3
Oct 06-Dec 06	9	7.6	5.4
Apr06 - Mar07	9.1	7.3	5.4
Jul 06 - Jun 07	9.3	7.3	5.3
Oct06 - Sep07	9.5	6.9	5.3
Jan 07 - Dec 07	9.7	6.8	5.2

Source: NOMIS / APS

Businesses – Lambeth has a diverse local economy with over 10,000 businesses ranging from large multi-nationals to small and medium sized enterprises (SMEs). SMEs represent an important segment of the Lambeth economy and the council has provided support to these through the Business Support Network and the annual business awards: in 2007/08 a total of 4,200 businesses were supported by Business Link as a part of the business support network.

It is difficult to assess the impact of the credit crunch on local businesses so far; however it is important to recognise that the restrictions placed on obtaining credit and consumers' ability to spend are likely to have a negative impact on businesses, especially SMEs, the borough's cultural business sector and night time economy. The business rates revenues team have reported five enquiries for hardship relief from payment of NNDR (business rates) in the past month, prior to this there had been no enquiries in the months back to April 2008, and none at all for the year 2007/08.

A poll undertaken at the end of 2007 by the Confederation of British Industry (CBI) revealed that 12 per cent of businesses surveyed nationwide felt the availability of capital had been affected by the credit crunch; however 35 per cent expected it to have some

effect in the long term. Of those surveyed, one fifth of businesses agreed that credit tightening was influencing their business decisions or plans, with just over a quarter of those admitting they were cutting jobs or recruitment plans.

Pressures on local authority services

Local authorities have also been affected by the rising prices and the instability in the banking sector.

Increasing fuel costs - The rising costs of oil, petrol and diesel have increased the cost to councils of providing local services by £239 million in the last 2 years, according to research undertaken by the Local Government Association. The research found that in 2006/2007, councils spent £541 million on fuel costs to run vehicles such as their rubbish bin fleets, gritters and meals on wheels vans. In this financial year (April 2008 – March 2009), it is expected that should prices stay at the current level, then the delivery of these services will cost £780 million.

Increasing energy bills - The aforementioned increase in energy bills also applies to local authorities who have to make greater provision in their revenue budgets for the cost of utilities. These increased costs also have to be passed on to residents.

Banking crisis - Local authorities across the UK have been affected by the collapse of major Icelandic banks, with £800 million currently at risk. With the collapse of major banks and share prices going into free fall further council investments and pension funds may be put at risk. Lothian and Northern Ireland local government pension schemes are currently leading class action suits against former executives of Lehmann Brothers over losses the funds incurred from the purchase of shares in the years before the bank's collapse.

Negative income on revenue streams - As life becomes more expensive, the likelihood of residents falling into arrears or not paying the numerous Local Authority fees and charges increases. Areas particularly impacted upon include; revenue generated from land searches, as the number of people looking to buy new homes decreases so does the revenue generated from this source; and a potential reduction in use of leisure facilities as people tighten their budgets.

Impact on regeneration projects - A number of the financial institutions currently in crisis have close links with the public sector and many are major players in the Private Finance Initiative market (it is believed that HBOS is currently attempting to sell off half its PFI portfolio as a part of its Lloyds TSB rescue package), however, it is still too early to gauge exactly how the current financial crisis will impact on large scale regeneration projects.

Lambeth context

Our residents

As has been noted the impact of the credit crunch is not yet clear, although we do have some early indications of how it may affect Lambeth's economy. Using MOSAIC population analysis, a customer profiling tool traditionally used by the private sector to aid marketing and sales which has been adapted for the public sector, we can therefore make some initial predictions about how an economic downturn is likely to impact different groups within our community.

Social housing tenants make up approximately 26% of households in Lambeth and are concentrated within the north of the borough and wards around Brixton (Coldharbour, Ferndale and Tulse Hill). The likely reduction in the number of completed affordable homes will impact upon this group particularly, increasing pressures on existing housing stock and reducing housing options for tenants. It is also likely that the council and RSL partners will experience increasing difficulty in funding social housing improvements and renovations through private developments.

Social housing tenants are more likely to be reliant on benefits than other Lambeth residents. These fixed incomes will exacerbate the effects of increases in the cost of living and may force social housing tenants to supplement incomes through the illicit economy or incur debts across a range of services including rents and utilities. In addition a likely rise in acquisitive crime and ASB will have a disproportionate effect on social housing tenants as fear of crime / ASB is currently higher amongst this group than other sections of the community.

Single house sharers account for 21% of Lambeth's households and are concentrated around Brixton Town Centre. Due to the wide distribution of incomes in this group (between £7,000 and £50,000) the impact of a downturn is likely to be varied. It is likely, however, that problems in the private rented sector will affect this group, increasing the cost of housing and reducing housing options. This may lead to outward migration and a consequent reduction of council tax revenues. In more general terms the increased cost of living will significantly reduce the spending power of this group, leading to a negative impact on the local night-time economy, cultural sector organisations and leisure services.

Successful single households (16% of households) are concentrated around the Clapham Town Centre area and are also likely to be effected by problems in the private rented sector. Any migration or change of status for these individuals is, however, likely to have less of an impact on the borough's economy as their use of local services and businesses is small.

The impact on young professionals and their families (11% of households) however is likely to have a significant impact on businesses and services in the borough as they are far more likely to make use of local restaurants/bars and cultural organisations than other groups in our community. There is a mixture of private renting and house ownership within this group and they are therefore likely to be subject to increased housing costs and possible negative equity as house prices fall. This is likely to lead to increased demand for housing advice services.

The multi-cultural second generation section of our community (10% of households) will be affected by the same housing issues as young professionals but this will be exacerbated by the impact of the credit crunch on Lambeth's SMEs which are largely part owned and operated by our BME communities. We will therefore see increased demand for business support services and need to ensure that we can support our SMEs through this difficult period. The wider economic downturn will also put pressure on incomes in this group and we will need to ensure that residents are supported in accessing available

benefits / tax credits. The economic downturn may also hasten the pattern of outward migration, predominately to areas such as Croydon, that already exists in this section of our community as housing and employment links to Lambeth become less secure.

Wealthy senior professionals (6% of households) are the least likely group in our community to be directly effected by the credit crunch. Many families within this group own their properties outright and will not be affected by increased mortgage costs or house price reductions. Their high skilled professional employment status will also offer more security than lower wage sectors of the economy. This section of the community are however likely to be negatively effected by pressures to raise more council revenue as council tax and business rate revenues decrease.

MOSAIC data is a useful tool to assess broad trends in sections of our community but it should be noted that it can not address all sections of our community, such as recently arrived migrants and individuals with uncertain / illegal status in the UK, and these individuals are likely to be very negatively impacted by an economic downturn due to the sectors of the economy in which they work (e.g. service, catering). Across Lambeth's communities we are likely to see increased migration and a consequential increased pace of change in the makeup of local communities, which the council needs to be aware of in its ambitions to promote social cohesion and active neighbourhoods. We may, for example, see a reduction in the Polish community in the south of the borough as employment of economic migrants decreases.

Our finances

The 2004 Gershon review of public sector efficiency, 'Releasing resources to the front line', identified the need for efficiency gains across the public sector. Under the requirements of Gershon, the authority is committed to make efficiency savings i.e. achieving more for less, and report these in its Annual Efficiency Statement, which is now part of NI179. Although Lambeth has already achieved £36.5 million in Gershon savings (exceeding the government target of £23million), the impact of the credit crunch and economic challenges have increased charges which the authority has had no alternative other than to pass on to residents.

The council has taken a number of steps to improve the efficiency of its services and to ensure value for money in the spending of public funds. One such measure has been the recent consolidation of the council's debt management services creating a new Financial Shared Services, which aims to provide a cost effective service for our customers so that more funds can be allocated to front line services, and focus on continuous improvement initiatives to drive down costs and at the same time improve our operational efficiency.

Our funding

Council services are funded through a combination of government grants and council tax. After accounting for direct grants for specific services such as schools, £288.7million was required in 07/08 to fund service delivery; £200.7million was provided by central government in the form of the Revenue Support Grant and the redistribution of business rates (NNDR), whilst council tax accounted for the remaining £88million.

In 2007/2008, council tax increased overall by 4.7 %. The average council tax band in Lambeth is band D, which, including precepts for 2007/08 was £1,187.23 which was the sixth lowest in London.

Central government usually funds around 90% of local authority budgets. In the past, the funding allocation has increased year on year. However, the 2007 Comprehensive Spending Review outlined the local government overall resource allocation for the next three years, at an average one per cent per year in real terms.

This means that Lambeth, as a floor authority, received an increase below the rate of inflation. This coupled with the efficiency gains requirement has placed the onus on Lambeth to improve the way services are delivered to ensure that effective services are delivered efficiently, by prioritising areas of service delivery whilst also cutting costs.

Budget pressures

At the September Cabinet meeting the Housing, Regeneration and Environment department reported on the current state of the Housing Revenue Account (HRA) and the impact of the rise in energy prices. The Cabinet report stated that 'most' councils have faced rises of over 150% in energy costs in the last three years. However, Lambeth has been shielded from these rises by placing fixed price contracts from 01 April 2005 for gas supplies (3-year contract to 31 March 2008) and electricity supplies (1-year contract to 31 March 2008) following 2-year supply contracts from 2005.

However, both energy contracts were retendered at the beginning of this financial year and as a result, it has proven necessary to increase service charges for communal heating, hot water and lighting to provide for the increased costs in the new contracts. It was also noted in the report to Cabinet that due to the uncertainty in the energy market and the value of the US dollar the 2008/9 prices may still be increased by a further 15% for electricity and 20% for gas for 2009/10.

It was agreed that service charges for communal heating and hot water be increased by 65.5% per week and 31.1% per week for communal lighting service charges.

The HRA account is in deficit and there is a projected overspend of £8.9million for the current financial year. The council has a legal requirement to ensure that the HRA account is returned to surplus by March 2010. In view of the current level of projected spend and further financial pressures in 2009/10, it was put to Cabinet at the October meeting that net savings of £16.5million need to be found in the HRA budget over the next 18 months.

In order to tackle this overspend an increase in the level of rents for social housing tenants has been agreed, as has a reduction in TMO allowances, and necessary measures to reduce budget overspends in the ALMO budget .

In order to achieve financial stability rent increases will have to rise faster than the rate set as part of the government's rent convergence formula. Whilst a mid-year rent increase was rejected it was agreed by Cabinet that with effect from 1 April 2009, average rents will increase by the amount required to meet the rent restructuring formula limit, plus an amount at least equal to (and possibly more than) the ceiling rent for the purposes of Rent Rebate Subsidy Limitation, the exact sums to be determined in the light of government guidance and subsidy regulations when the final decision on the 2009/10 rent level is made.

Our charges

The council levies a number of fees and charges on residents, businesses and visitors to the borough. The revenues from these fees and charges are used to subsidise service delivery and form an important part of the council's budget.

As discussed above it has already been necessary to increase the level of charges for communal heating, hot water and lighting and rent increases are planned for the new financial year. Whilst the council has to ensure it meets its efficiency targets and maintains fiscal prudence in balancing its budgets, it is also important to consider the impact of Lambeth fees and charges on residents and explore any possibilities for alleviating the impact Lambeth exerts on its own residents in the form of fees and charges.

A list of the key areas in which fees and charges are levied is provided below:

	2007/08 Budgeted income £000
Housing related	
Council tax	8,800
Social housing rents	1,100
Planning charges	3,000
Cultural services	
Libraries, arts and archives	201
Cemeteries and cremations	1,421
Registrars	532
Sports Bookings	118
Sports leisure centres	244
Community events	283
Public protection	
Consumer protection	23
Environmental health	1,559
Building control	1,024
Street care – waste	2,740
Street care – other	1,576
Street trading	570
Parking	
Parking charges	23,772
Street management	309
Schools	
School meals	1,238
Living space room hire	185
Translation services	107
TOTAL	48,802

It is important to note that whilst the council levies a number of fees and charges, many of these charges are relatively low when compared to other London boroughs; for example, council tax and the level of social housing rents.

Our programmes

Lambeth council has a number of pre-existing programmes/initiatives that are designed to assist residents experiencing financial difficulties and in debt crisis. A list of the programmes is presented below with a brief description.

- **Every Pound Counts** – A programme for persons aged 60 or older; disabled or experiencing a long term ill health problem; caring for an older, ill or disabled partner/relative/friend; looking after a child or young person who is sick or disabled or has other special support needs, which aims to maximise incomes by ensuring that participants claim all the benefits to which they are entitled.

- **Advice agency funding**

Generalist advice agencies

Lambeth funds six generalist agencies, which provide advice mainly on welfare benefits, debt, and housing. They advise on these to a high level, including supporting appeals. In addition, they provide some basic advice on consumer and employment issues. The Law Centre also advises on immigration issues. Apart from Waterloo Action Centre, all of these advice agencies also have contracts with the Legal Services Commission. Some employ qualified solicitors

as well as other advice staff. Some of the agencies have also attracted external funding for specific areas of work, for example funding via the old Department of Trade and Industry for debt work, and from British Gas for fuel poverty work.

Client focused advice agencies

Lambeth also funds four client focused voluntary organisations to provide advice mainly on welfare benefits and community care issues, although can support clients on other areas of advice such as housing. Lambeth is in the process of developing the Carers Hub and Older People's Resource Centre, which will give a focus for these areas of client-based advice.

Community Legal Services Partnership

Lambeth facilitates the Community Legal Services Partnership, which is made up of these advice agencies, plus a number of local solicitor's firms who also advise on social welfare law. This gives an opportunity to look at key areas where advice is needed and at some of the issues that are coming up for people in the borough.

Advice Forum

We have recently established an Advice Forum, to encourage some of the smaller agencies in the borough to get more involved in advice provision, using it as a way to share good practice.

- **Child Poverty Pledge** – Lambeth has signed up to the Child Poverty Pledge which sets out a number of high level activities to improve our impact on parental employment and child poverty. CYPS have also submitted Expressions of Interest for 4 Local Authority Innovation pilot projects in connection with child poverty, and are awaiting the outcome.
- **In and Out of Work pilot** – Lambeth Council was chosen to be a partner with the DWP and HMRC in its "In and Out" national pilot targeting worklessness in the borough. The pilot joins up benefits processes and data sharing to identify those moving in and out of work, and liaise with partner institutions to ensure correct means tested benefit assessment is made immediately. Following the success of the pilots this has now been rolled out as national policy, following the launch event held on 20 October 2008 at Clapham job centre.
- **Lambeth Savings and Credit Union partnership** - A partnership between Customer Services and the Lambeth Credit Union that provides advice and practical support to residents at a weekly surgery at the Brixton Customer Centre. Visitors to the centre are offered information and advice on the various savings accounts and loans available at the credit union.
- **Housing Strategy** – (currently in development) Lambeth Council is no longer a direct provider of housing following the completion of the stock transfer to the ALMO Lambeth Living. This strategy outlines the council's intentions in fulfilling its role as the strategic housing provider, and delivering on the corporate priorities. Whilst the strategy as a long-term document does not focus on the current credit crunch, its implications have been taken into consideration, particularly regarding building targets; repossessions advice services; and promoting rent now buy later schemes.

Responses to the credit crunch

Action by Central Government

The government has introduced a number of measures in response to the 'credit crunch', not least the nationalisation of Northern Rock and the recent banking rescue package which part-nationalised some of the UK's largest banks. They also introduced a number of schemes targeted at communities and these include:

Housing Rescue Package

The Prime Minister announced a number of measures on 2 September 2008 to assist the ailing housing market. These included measures to assist first time buyers, a one year increase in the Stamp Duty threshold to £175,000, and increasing council powers to help homeowners struggling to meet the cost of their mortgages.

Financial Advice

A pathfinder project which will operate as a pilot scheme allowing everyone in the country "free, impartial, high-quality advice on money." The Government will provide up to £12 million to fund the scheme and for the next three years the financial inclusion fund will be increased to £130 million; £76 million will be spent on providing free, face-to-face money advice.

Family Fuel Bills announcement

On 11 September 2008, the government announced a "£1 billion" package which aims to enable households to take advantage of help that could save them over £300 every year on their energy bills. This package provides assistance to householders in order to make their homes more energy efficient, and for households most vulnerable to fuel poverty, including all pensioner households.

Local Authority responses

Many councils have already sought to respond to the credit crunch – examples include:

Efficient use of resources:

- Nottinghamshire County Council is looking at longer-term contracts and a move to more flexible ways of buying energy. In addition, it is investing £2.5m on energy efficiency work and on converting its fossil fuel boiler to run on wood fuel, to save money and minimise carbon emissions
- Councils in the South East are planning to group together with NHS trusts, regional government offices and even prisons and universities in order to bulk buy fuel

Local Partnership:

- Essex, with its LAA partners, is holding an 'economic summit' bringing together public and private sector partners to discuss the impact and policy
- Swindon's strategic partnership board is working with partners in the Economic Development and Enterprise field to hold a conference with the local business sector regarding the credit crunch.

Supporting the local economy:

- Harlow Council is supporting the local economy by supporting local businesses and encouraging skill-based education and training schemes
- Kirklees is developing a LAA target on VAT registered businesses and will be working to support new start-ups.
- ONE, the North-East Development Agency, has announced a £10m package of measures to help address the credit crunch - £2.5m is for North East investment fund which is aimed at providing the gap funding for SMEs who are not able to secure investment from traditional lenders.
- Gateshead and Newcastle are using the Working Neighbourhoods Fund and the European Development Fund to increase direct enterprise support activity.

Debt/credit:

- Essex plan to give a council tax rebate to the lowest band of council tax payers of £100 for this year.
- Islington are changing the tone of its communications effort to avoid aggressive bill chasing and promote a more empathetic approach
- Gateshead are working with credit unions to gain access to the central government 'Growth Fund' to make emergency loans to families in dire need.
- Sheffield working with DWP and Jobcentre Plus is undertaking home visit benefit checks for its most vulnerable citizens
- West Sussex County Council has been targeting support at the most financially vulnerable by backing the creation of a new credit union
- North Tyneside Council is trying to encourage good financial habits in the consumers of the future. At the end of September, more than 200 15-16 year olds took part in a council-run money management conference

Pooling resources:

- Somerset County Council, the five district councils and primary care trust have joined forces to tackle fuel poverty .The partnership will ensure residents have the most up to date information about the help on offer by training front line staff across all agencies to provide the information people need

Housing:

- Westminster 'Community Build' is working to make best use of space on existing housing estates to provide low cost housing.
- Newcastle is piloting a Homelessness Prevention Initiative which will address the pressures on homelessness by providing support for first time buyers, support for house-builders and re-prioritising regeneration schemes.

Worklessness

- Kirklees 'build' initiative is a local labour/local purchasing programme which delivers training for disadvantaged residents and links these trainees to employment industries in the local construction and building industries.
- Gateshead – Gateway to Gateshead G2G – is a project implemented in partnership with Gateshead Council's Economic Development Service and HR department,

Jobcentre Plus and with funding from the North East Employer Coalition targeting clients from hard to reach groups and with multiple barriers to employment. The project piloted a route-way into sustainable entry level Council jobs. The programme involved a pre-employment course for 65 people followed by a guaranteed interview with HR. A group of these clients were selected to go on a 6 week customised training course delivered by Gateshead College which included a one week work placement. Following this the clients moved into employment with the Council. As an illustration of the barriers faced by these residents the group of 16 people that moved into council jobs had a total of 110 years of inactivity between them as a group.

- Essex has implemented a programme called 50 Not Out! an education and employment service program with Adult Community Service providers to help return older people back into work.

Advice and Signposting

- Gateshead is working with CAB and fuel poverty initiatives to bring together information and publicity to provide a single point of contact and referral.
- Newcastle has increased its capacity for debt and housing advice and is working in partnership with CAB to develop a city-wide publicity campaign on the risks of debt and advice for those with mounting debt problems.
- Westminster is working with neighbouring local authorities to bring together their work and for a single unified benefit adviser to improve referral and assessment.

Energy

- Swindon has introduced 'Warm Zones' an area-based programme delivering a targeted approach to identify fuel-poor households and deliver real benefits through energy efficiency improvements and income maximisation.
- Islington is promoting energy efficiency through the "Green Living Centre" a drop-in centre on council premises where people can find out about how a greener lifestyle can benefit residents both financially and environmentally.
- Newcastle is providing additional support to the Energy Resource Efficiency scheme that is targeted at helping manufacturers tackle rising costs. Teams of specialist engineers work with firms to analyse energy usage and put in place action plans to reduce bills.
- Essex County Council is currently developing a package of support to help low-income households. Proposals include council tax exemption or discounts for people on low incomes, a mass installation of renewable energy sources and purchasing of cheap properties on the housing market to kick-start development in the county (all funded from reserves)

Helping Lambeth's Residents

The recommendations of the credit crunch taskforce

1. Income, Credit and Debt
2. Energy & Fuel
3. Housing
4. Worklessness

Income, Credit and Debt

Maximising the income of our residents

While the overall financial position of the council is healthy, future budget challenges are such that the Taskforce recognises there are limited options to expand expenditure to give an immediate cash boost to residents in the borough.

Nevertheless, the taskforce still believes that the Council should make every possible attempt to offer some assistance to its residents, particularly those on low incomes, by limiting the impact the council exerts on its residents through the levy of fees and charges.

Recommendation: The council examine all possibilities it may have to alleviate financial pressures on residents of the Borough – particularly those on low incomes, by providing some relief from the fees and charges levied by the council itself.

Every Pound Counts

Every Pound Counts has been very successful at raising incomes among those on low incomes by ensuring that individuals, carers and families receive what they are entitled to.

Since the campaign started in April 2007 over 1500 individuals have been assisted resulting in over £1.5million in extra welfare payments to Lambeth Residents. Over 50% of this has been through maximising the income from the key disability benefits. The average income gain per person successfully assisted is just over £3,000.

The majority of those assisted are referred from Lambeth Social care teams, but clients also self refer and are referred by others. Referrals from PCT services generate the next highest number of referrals to the service.

A large number of people are still not claiming all the benefits to which they are entitled. In the DWP's latest report on the take-up of income related benefits across the UK, it was estimated that between 10 - 19% of people still do not claim the income support they are entitled to; 33 - 41% of those eligible for pension credits do not receive them; 13 - 19% of those eligible for housing benefits do not claim; 31 - 37% of potential council tax beneficiaries miss out; and 40 - 51% of those eligible for job seeker's allowance do not claim.

The taskforce believes that every attempt must be made to maximise the income of our residents by ensuring that they receive all the benefits to which they are entitled. Such has been the success of the Every Pound Counts campaign that the Taskforce recommends that it should be expanded, particularly in areas of lower income.

One approach to tackling this difficult issue is to be more proactive in housing estates in communities. It is intended that by going into communities that this will raise awareness and increase the number of residents that have access to benefit advice.

Recommendation: The council re-examine the focus of the Every Pound Counts Campaign with a fresh approach to outreach work - using existing groups within communities such as tenants' and residents' associations, community centres, GP surgeries, children's centres and One O'clock clubs.

Social Fund

The taskforce recognises that when you are on a low income it is very difficult to budget for emergency expenses such as funeral costs, the costs of a new baby or one-off payments for large items, such as, furnishing a home. You could also be in a situation where you have no money coming in at all. There is money available for these situations, although it is limited. This is known as the Social Fund. The Social Fund includes funeral payments, maternity grants, crisis loans, budgeting loans, community care grants and cold weather payments. (Winter fuel payments are also a type of Social Fund payment, but they are restricted to people aged 60 and over.)

Emergency grants can be vital when a low income household is struggling to make ends meet. Short-term interest free loans are also another way of providing immediate relief to residents. Not only can interest free loans provide much needed financial relief but also discourage people from using the services of backstreet lenders who charge exorbitant interest rates.

Recommendation: The council should explore setting up a local version of the social fund to provide emergency grants or short-term interest free loans to assist those residents in acute financial crisis.

Helping our residents obtain credit

Economic pressures are tightening meaning that those on lower incomes find it difficult to find larger sums of money when essential household items such as white goods break down. The taskforce recognises that when this happens many people turn to illegitimate sources of lending or they choose to enter into expensive higher purchase agreements. This increases the possibility that individuals fall into further debt, or they risk having items repossessed.

Lambeth Savings and Credit Union

The Lambeth Savings and Credit Union (LSCU) provide free debt advice to residents whilst also offering a range of saving options and low cost loans. LSCU now hold weekly surgeries at The Brixton Customer Centre where visitors are able to access a full LSCU service and receive on the spot information and advice. As not-for-profit organisations owned and controlled by their members, credit unions can offer affordable loans to help cover necessary expenditure. Since the beginning of the partnership in April 2008 the credit union had 900 existing members and since then has managed to register at least 20 new customers a week in the customer centre.

Support for local credit unions is important, particularly during the economic down turn to ensure that residents receive quality advice about managing their finances and assisting those on low incomes or benefits who have traditionally been excluded from the services of big banks. This was recognised by the Local Government Chronicle⁴ who stated Lambeth's partnership with LSCU as an example of best practice illustrating how councils are helping tenants, homeowners and would-be buyers cope with the impacts of the credit crunch.

The taskforce recognises the importance of assisting residents to access credit. A possible answer to this may be to make small loans available to individuals for this purpose. Another may be to encourage the prevalence of exchange schemes that might be able to provide second hand goods.

⁴ LGC, 16 October 2008, pp24-25

Recommendation: The council should explore the expansion of the partnership with the Lambeth Savings and Credit Union to assist more residents to obtain sound financial advice and access to credit.

Financial Advice

Improving Debt Advice

A number of advice lines exist offering comprehensive advice to clients. Examples include National Debtline, Business Debtline, and Tax Credit Helpline. While the taskforce recognises that these organisations provide a valuable service it recognises that such is the number of the sources of advice that this in itself could be a barrier to prospective clients in Lambeth that need help.

In many cases clients that contact these advice lines will be referrals, either from their creditors or advice centres. However, it is the taskforce's view that finding the right advice could be potentially confusing for an individual who was independently attempting to seek advice.

Not knowing what support is available is a key issue for those struggling to cope with their debts. Seeking advice and recognising debt crisis at an early stage can be key to managing debt in the long-term. It is the taskforce's view that a more coherent approach to advice may be needed to make getting the right advice easier and ensure early intervention when necessary.

Option 1) to use Council resources in the customer centre to create a tailored Lambeth service that would be able to direct residents to the advice that they need. However, a perceived limitation with this option is the danger of creating another advice line, amongst the many that already exist, only increasing the level of confusion.

Option 2) to increase advertising and general communications which may be able to recommend a simplified list of recommended or preferred sources for advice which would offer immediate and visible guidance to the Borough residents.

BERR money advisors

As part of the first Financial Inclusion Fund (FIF) announced in the 2004 Pre Budget Report, £45 million was allocated to increasing the provision of free face-to-face debt advice in England and Wales up until April 2008. This has now been extended by another £85m until April 2011.

The projects target specific geographic areas or social groups where financial exclusion is a major problem. Many are specially created partnerships between Citizens Advice Bureau, members of the Advice UK network and other independent advice providers.

BERR research has shown that although debt advice is readily available in many forms, for example, telephone help lines and the internet, people with severe or complicated debt often need to deal with someone face-to-face, and are often the hardest to reach.

Recommendations:

The council should investigate the feasibility of including a dedicated advice line, perhaps serviced by the Lambeth Service Centre that would be able to direct residents effectively to the right advice.

The council should improve its communications to residents as means of simplifying the process of accessing the right debt advice.

Local Advice Centres

National research has shown that advice and legal services play a key role in resolving problems with social and financial exclusion, and assisting vulnerable groups and those on low incomes to access their rights and understand their obligations. Social welfare legal problems have been the subject of the Legal Research Centre's paper 'Causes of action: civil law and social justice' establishing those most vulnerable to civil justice problems and the social, economic and health consequences.

Key findings were that 33% of adults experienced one or multiple problems over the 3.5 year research period; problems tended to occur in clusters; and people with disabilities, long term illness, unemployed, lone parents, victims of crime, living in high density accommodation and with communication barriers experience the most problems. Approximately 10% of people don't seek help and 15% who do seek help fail to obtain any. Department of Constitutional Affairs economists have estimated that £1 billion per annum is the cost to the NHS of ill-health triggered by social welfare problems.

The council funding for 2008/09 for social advice services in Lambeth is £656,137, split between six organisations: Lambeth Law Centre, Brixton Advice Centre, Clapham Community Project, Centre 70, Merton & Lambeth CAB, Waterloo Action Centre. The areas of work funded are Welfare Benefits, Debt, Housing, Employment, Consumer Law and Immigration (law centre only). The majority of the work demand is in the first three categories and the provision for the remainder is insufficient.

In addition the council also funds four agencies to provide client-based advice (Age Concern Lambeth, Disability Advice Service Lambeth, Lambeth Carers, and Royal Association for Deaf People). The Council and Lambeth PCT also fund the Every Pound Counts welfare benefits take up campaign providing advice to older and disabled people and carers.

The funding of local advice centres was previously monitored as a Best Value Performance Indicator, which allowed us to compare our level of spending with other boroughs. BVPI 226 was the performance indicator under 'Community Safety and Wellbeing', reporting on the amount local authorities spend on social welfare advice and legal services.

226a measured the amount funded to external agencies for social welfare advice. 226b measured the percentage of 226a that is spent on LSC Quality Marked services 226c measured the amount spent on internal advice provision by the authority in three areas of social welfare law: housing, welfare rights and consumer advice (civil)

2005/06 BVPI 226 for Lambeth and other comparable boroughs:

Borough	226a	226b	226c
Lambeth*	£885,648	84.8%	£648,761
Southwark	£1,278,741	100%	£1,585,334
Greenwich	£1,933,390	74%	£1,035,685
Newham	£1,446,154	95.3%	£2,456,698
Tower Hamlets	£1,007,463	91%	£702,500
Hackney	£1,432,000	51%	£393,800
Camden	£3,119,655	99%	£2,282,283

Note the figures for Lambeth for 226a and b includes other DOP advice and information contracts let in ACS not held within this budget.

Advice centres have reported that more clients are presenting debt problems and waiting times for clients who need specialist advice are increasing. The majority of cases are still those who are receiving welfare benefits or on low incomes. Due to factors relating to the economic downturn, this has increased the numbers falling into financial difficulty as the gap between income and expenditure has widened.

Anecdotal evidence suggests that previously individuals on a higher income who may have been able to meet the payments are now failing to meet their credit commitments. As payments are being missed, the risk increases that higher numbers will turn to doorstep lenders and loan sharks and cheque cashing schemes.

Instead of using the free advice services within the borough many individuals turn to external debt advice services that charge a fee to handle and renegotiate their repayments with banks and creditors. In many cases this only compounds debt problems.

It is the taskforce's view that advice centres play a vital role in the community and offer a good service to residents. However, we have identified that this advice service has considerable capacity limitations due to fixed staff complements irrespective of the number of clients. Client numbers are increasing and this trend is expected to continue with new clients waiting longer to receive specialist advice.

The restricted opening hours of these centres may also prove to be a barrier for individuals as they may not fit with working schedules. In addition, the centres are at fixed locations and this can also be a further barrier to accessibility.

The taskforce recognises the important role of advice centres and suggests that their capacity should be expanded. In particular, this should focus on expanding advice services in local communities, including outreach capability. By targeting poorer areas of Lambeth it is hoped that this will reduce the numbers approaching illegitimate lending sources or help individuals to negotiate with their creditors. Expanding services could work in conjunction with attempts to increase welfare benefit uptake.

Roving Advice

As part of maximising the outreach of local advice centres the taskforce is attracted by the idea of creating a roving advice service in the Borough. It is the taskforce's view that seeking debt advice has a stigma attached to it. Allowing debt advisors to move around the Borough potentially working out of Children's Centres, GPs practices, Employment Hub and other popular community facilities could help debt advice become more accessible to potential clients and be able to help more individuals who find themselves in financial difficulty.

Advice Centres and Energy Saving Trusts.

Many energy companies operate their own charitable trusts. Broadly their aim is tackle fuel poverty.

Trusts tend to offer two types of grants:

- grants to individuals to cover the payment of gas and electricity debts and other essential household bills or costs
- grants to voluntary organisations working in the field of money advice, debt counselling or energy efficiency advice.

Currently, individuals who are in fuel poverty access energy saving trusts through advice centres. The taskforce believes it is imperative that awareness of this service is increased so more people can be helped who are struggling to pay their bills.

Recommendation:

The council should work with local advice centres to expand the capacity of those local advice centres including investigation of greater outreach work or a roving or mobile function.

The council should maximise bidding for further funding from external sources and work with energy companies to maximise the numbers helped by energy savings trusts.

Young People

North Tyneside District council have developed a programme to encourage good financial habits in the consumers of the future. At the end of September, more than 200 15-16 year olds took part in a council-run money management conference, designed to raise the level of financial awareness amongst young people and to help them develop the necessary skills to make informed decisions about their finances.

The taskforce believes that preventing people from coming into financial difficulties is as important as providing assistance to those who already find themselves in crisis. Young people are regularly targeted by money lenders offering them instant access to credit through both credit cards and store cards. The taskforce believes it is important that the council assists young people to become responsible consumers.

Recommendation: The council should develop a programme of financial management and awareness projects aimed at young people.

Advice strategy

Advice programmes and partnerships with advice agencies are currently initiated on a piecemeal basis by departments responding to the needs of their customers. Whilst most advice agency funding is guided by Adults and Community Services some smaller initiatives exist in other departments such as Customer Services. The taskforce believes an overarching framework to support the provision of advice should be developed allowing a more co-ordinated approach.

Recommendation: The council should develop an advice strategy to ensure a more co-ordinated approach to advice services and guaranteeing that the council offers accessible services to all its vulnerable residents.

Mapping multiple debtors

Currently each of the council's debtors systems are independent and do not communicate. It is proposed to coordinate these systems so that people who are in debt on a number of systems can be identified (e.g. council tax, rent, fees and charges). This project will enable more efficient debt management by the council, presenting residents with a single council bill that delineates the various debts, rather than a series of bills from each billing department.

The system also has the potential to help the council identify those people in debt crisis; as if someone is identified as defaulting on a number of debts this may be an indication of their inability to meet their household's cost of living, and the council may need to investigate whether further support is required.

Recommendation: The council should explore the opportunity for mapping the number of multiple debtors who use its services and development of a more efficient debt management system to enable this.

Food Co-ops or Buying Groups

Food prices in shops and supermarkets have risen 8.3 per cent this year.⁵ Official figures show that food inflation has been above 10%. Since the 1960s, the proportion of the household budget being spent on food has steadily decreased. However, significant rises in the costs of foodstuffs (items such as rice and pasta have risen by around 50%) have reversed this trend.

While the taskforce recognises that many consumers have reacted to rising prices by “trading down” by looking for cheaper shops or produce the taskforce believes that more can be done to help poorer individuals and families.

The Taskforce is attracted by the concept of a food co-op or buying group. Many food buying groups have already been established. However, up to now it seems that their focus has concentrated on sourcing local produce to increase income for farmers as well as reducing costs for members of the cooperative.

Buying essential food and household products in bulk reduces costs. The taskforce believes that any possibility for reducing the cost of food to Lambeth communities should be exploited.

Through Lambeth First, the taskforce believes that community co-ops or buying groups could be established through neighbourhood working. While in the future the cost of food may again decline, the taskforce believes that buying groups can have considerable value in contributing to the local community in the long term

Growing food

The taskforce has been impressed by groups that are established within Lambeth that grow their own food. The Hyde Farm Action Network and the Blenheim Gardens Estates are two such examples.

Both groups offer simple and practical measures to individuals so that they can start to grow their own food.

Again, the taskforce recognises that groups such as Hyde Farm have a clear objective, to its reduce carbon footprint. However, the taskforce believes that such initiatives, if supported and expanded, could be used to reduce the costs of buying produce. Such networks believe that if they were adequately supported and publicised by the council they could expand the membership and capacity to grow more food.

Yet, the taskforce recognises the severe lack of space and land within Lambeth. Therefore, it is important that all possibilities are examined so that individuals and communities have every opportunity to establish groups and networks and benefit from growing their own food and saving money.

Exchange Schemes

The Taskforce also recognises the existence of exchange schemes in Lambeth. Freecycle, one such website, has over 9000 members in the Borough and the taskforce believes that these schemes should be encouraged as another means of helping to reduce household costs.

⁵ According to Verdict Research.

While in the short to medium the term such exchange groups may be able to reduce household spending, in the long term the taskforce believes that instilling the principles of recycling and reducing waste have further value.

Recommendations:

The council should investigate establishing a food co-operative/buying group pilot, through established community networks

The council should promote local exchange schemes in Lambeth and actively increase membership where they exist already.

The council should promote and expand food growing groups and networks across the borough.

Energy and Fuel

Tackling fuel poverty

Fuel poverty is a growing challenge across the country, according to government estimates 4.5million people in the UK now live in fuel poverty⁶. According to the Fuel Poverty Indicator, a statistical model of fuel poverty based on the 2003 English House Condition Survey (EHCS) and 2001 Census, 6,100 people are in fuel poverty in Lambeth which accounts for the third highest occurrence in London.

On 11 September 2008 the government announced a “£1 billion” package which aims to enable households to take advantage of help that could save them over £300 every year on their energy bills. This announcement built on a number of pre-existing government initiatives designed to help vulnerable residents manage the increasing cost of fuel.

Whilst the taskforce recognises the importance of these schemes it is also evident that the number of initiatives can be confusing for residents and people remain confused about entitlement. A full list of the government initiatives are attached as appendix 1.

Lambeth or London specific fuel poverty initiatives

Coldbusters

The Coldbusters grant scheme operates throughout South London and installs energy efficient heating and insulation measures in private sector fuel poor properties. Grants are available for home-owners or tenants, who are on an income related benefit, and are capped at £6,000.

A Coldbusters grant covers:

- New central heating system or heating boiler
- Upgraded heating controls
- Cavity wall insulation and loft insulation
- Draught proofing

Home Visitors scheme

Between 24th November and 19th December 2008 there will be two home visitors working in Lambeth, to visit householders in their homes and give energy advice. The home visitors will identify what measures can be installed to increase the energy efficiency of the dwelling. They will also ensure that householders know how to use their heating controls effectively. Home visitors will be able to provide referrals for energy efficiency and heating grants and will also highlight other services offered by Lambeth Council or central government which are relevant to the household. Home visits will be open to all but specifically marketed to private sector benefit recipients.

Energy Action Zones

The Taskforce investigated Lewisham’s Energy Action Zone, which has the twin objectives of reducing fuel poverty and reducing CO2 emissions.

Lewisham’s project aims to reach those who would otherwise be unlikely to access the range of advice and support that exists on energy efficiency, and has a focus on those vulnerable to fuel poverty, including people house-bound through poor health and people on benefits. Lewisham’s EAZ achieves energy savings through provision of general energy advice, referrals to grant programmes and provision of free energy efficient light bulbs.

⁶ In the UK fuel poverty is said to occur when in order to heat its home to an adequate standard of warmth a household needs to spend more than 10% of its income on total fuel use.

The EAZ team also works with local community groups, and other local public sector agencies like the Safer Neighbourhoods team to engage with more difficult to reach groups, including people whose first language is not English.

In 2007/08 referrals resulted in the delivery of 271 energy saving measures including loft and cavity wall insulation, draught proofing, repairs to heating systems and the installation of a new heating system. According to Defra's calculations these measures will deliver savings of 7,000 tonnes of CO2 and lifetime (30 year) financial savings for recipients estimated at over £1 million.

The EAZ also delivers a range of wider benefits including encouraging benefit take-up, providing advice on recycling and other council services, helping residents in social housing resolve maintenance issues, and targeting potentially excluded groups, for example with community groups for ethnic minorities.

Recommendation: The council should explore the potential for creating Energy Action Zones in Lambeth, modelled on best practice elsewhere and involving a partnership between the energy industry and the council.

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As set out in the appendix, there are many national and more local schemes that specifically target those in fuel poverty. The taskforce believes that the creation of Energy Action Zones could be an ideal mechanism to increase the take up of these schemes and potentially increase the payments that current residents are currently receiving.

Energy Saving Workshops

While Energy Action Zones could be used as a mechanism to focus on the areas in the borough of most need, the taskforce is very aware that rising fuel and energy costs have affected everyone in the Borough. The taskforce believe this presents an opportunity to encourage more households to improve energy efficiency.

Councillors and the taskforce has been impressed by the actions of community groups such as the Hyde Farm Carbon Action Network who have been active in the community and have held events to look at ways in which they can collectively improve their energy efficiency and reduce their carbon footprint. Currently the network includes approximately 4,000 residents, 1,800 households and two primary schools.

While Hyde Farm was not established primarily for tackling the increase in energy cost, the taskforce believes that this model could be used to establish workshops and networks across Lambeth. Workshops could take place in community venues and offer advice on how to reduce fuel bills by making household changes.

Yet, the taskforce recognises that establishing such workshops aimed at saving money through finding ways to reduce energy usage is achieved cumulatively in the medium to long term does not offer a short term financial solution to our residents.

However, despite this, the Taskforce believes that establishing community workshops could potentially be of enormous value to our residents. While the price of oil is currently falling it remains volatile and improving energy saving across Lambeth will help to protect residents in the future from future potential rises.

Furthermore, establishing workshops and networks within communities provides further possibilities to engage with residents on issues outside of energy saving, such as giving advice on benefits/debt and education, training and skills.

Recommendation: The council should investigate setting up of workshops in community venues, providing residents with advice and information on managing increased fuel costs caused by the global economic situation.

The Council's Energy Contract

The increase in fuel prices recently impacted the heating and lighting contract for council owned properties with communal heating and lighting.

Lambeth Council's energy contract expired in April this year. The previous contract protected residents from the global rises that other councils have faced for the last few years. The taskforce recognises that the resulting increase in energy charge of around 65% for heating, while unavoidable, will have a considerable impact on residents.

Since that contract was negotiated the price of oil has fallen considerably. While the market remains volatile, the taskforce believes it is vital for the council to do all it can to negotiate the most favourable contract it can for residents.

Recommendation: The council should do all it can to negotiate an improved energy contract when the current agreement expires and to pass any savings onto residents.

Housing

On 2 September the Government announced reforms to the system to more accurately reflect the value of people's property and reduce the waiting time before help from Support for Mortgage Interest (SMI) kicks in.

As a temporary measure, from April 2009 the 39 week waiting period before help towards a mortgage is paid will be cut to 13 weeks for all new working age claims. In addition, also as a temporary measure from April 2009, the capital limit on loans upon which SMI is based will be increased from £100,000 to £175,000 for new working age claims.

From April 2009 there will be a time limit on SMI of two years for new Jobseeker's Allowance claims only. Time-limiting will not apply to existing claims or to new claims from those in receipt of Income Support, Pension Credit or income-related Employment and Support Allowance when it is introduced on October 2008.

The Government will keep this system of support under review.

Rent-to-Buy' pilot

In July 2008 the Government launched a new scheme to support first time buyers into affordable home ownership by renting first and buying later, initially asking the Housing Corporation to pilot a 'Rent to HomeBuy' scheme.

The scheme aims to help prospective first time buyers who find that they are unable to buy a share of a property through HomeBuy at the present time. Eligible households will be able to rent a new build property at less than market rent for a pre-specified period. At the end of that time (or sooner if they are able) they will have the option to buy a share of the property through the New Build HomeBuy scheme.

Financial advice

In May, the Government announced a series of measures to further strengthen support for home owners. This included measures to ensure £9 million of additional funding for debt advice by third sector partners, including Citizens Advice Bureau, will be made available.

Mortgage rescue packages

In September the Government announced a £2 billion package for housing which included an enhancement to mortgage rescue schemes, costing £200 million, which aims to assist up to 6,000 households over the next two years. The Government is also looking to improve, through the benefit system, support to homeowners who lose their job, and to shore up the housing sector generally. The announcement, describing the scheme as "a limited scheme which cannot help those who have borrowed excessively or acted recklessly", stated:

Depending on their specific circumstances, eligible homeowners will be offered one of three products, following an assessment of their case by their local authority:

1. shared equity would help householders who have experienced payment shocks and need some help in paying their mortgage.
2. shared ownership would help those with a bigger financial gap but still able to make a contribution to monthly payments
3. sale and rent back will help the most vulnerable on low incomes with little chance of sustaining a mortgage.

Whilst the taskforce welcomes the government's measures, the taskforce believes that Lambeth council still has an important role to play in helping our residents who are currently struggling to meet their housing costs.

The taskforce believes the council can work more closely with our RSL partners to reflect the government's recent advice to not take immediate action against debtors during the economic downturn and to ensure that all tenants and residents receive adequate debt advice and support.

The taskforce also believes that the Council should engage the main lenders to work with their local branches to develop a method of improving intelligence about who is in debt crisis and to identify trigger points in the system to allow additional support to be offered before the point of repossession.

Recommendation: The council should build on the government's housing support measures by working with RSLs, local banks and lenders to identify methods of providing further assistance to Lambeth residents who are at risk of defaulting on their loans.

Croydon Housing Rescue Scheme

The taskforce has reviewed Croydon's Housing Rescue Scheme. The pilot scheme is focussed on shared ownership in partnership with Tower Homes who are preferred partners in Croydon and also HomeBuy Agents for SW London.

The scheme will enable applicants who are already home owners and who have got into financial difficulties to remain in their home and avoid repossession or a forced sale. The applicant will be able to sell a share of their home to Tower Homes and pay a subsidised rent on the share owned by Tower Homes.

Key principles of the scheme

- A minimum/maximum share will be permissible under the scheme either through a mortgage or equity.
- The applicant will be able to purchase additional shares (staircase) in the future.
- The property can be sold at a later date but Tower Homes will have first priority on nominating new purchaser in accordance with the resale provisions in the lease.

Applicant eligibility

Priority is given to applicants who are at risk of homelessness through mortgage repossession or marital breakdown and fall within the priority need categories as defined by the Housing Act 1996 (as amended by the Homelessness Act 2002) and the Homelessness (Priority Need for Accommodation) (England) Order 2002.

Recommendation: The council should consider a fresh package of support for housing markets and social housing in Lambeth including the adoption of Rent to Buy and the Housing Rescue Scheme.

Prudential Borrowing

Mortgage defaults have increased by 17% this year, with the NLGN predicting the number could rise above 100,000.⁷

The taskforce is attracted by the proposals by the NLGN which argues that local councils should be able to offer financial support to homeowners.

The taskforce agrees with the NLGN's argument that councils are well placed to help stabilise the housing market. Under the scheme, councils would be able to borrow money under prudential borrowing rules and offer support to a select group of people, such as first time buyers or people involved in mortgage difficulties, particularly when numbers of mortgage defaults might impact disproportionately on social housing demand in the area.

Recommendation: The council should lobby central government to set aside funds to allow local councils to offer mortgages under prudential borrowing rules to help first time buyers and the housing market

A likely outcome of the current economic downturn is an increase in the demand for affordable housing, as less people are able to afford market rents or mortgages. Lambeth currently has a number of feasible development projects that require additional funding to ensure fruition.

Recommendation: The council should lobby central government for additional funding to allow the development of capital projects for more affordable housing.

⁷ Source NLGN

Tackling Worklessness

Lambeth's Local Area Agreement and overarching Sustainable Community Strategy (SCS) outline the key themes which impact on the quality of life and opportunities for local people. The key theme of this strategy is tackling worklessness.

The Taskforce believes that developing and implementing this strategy will be vital to support those in Lambeth that have lost their job as a result of recession. A key part of tackling worklessness is to establish Employment Skills and Learning Hubs to reflect Lambeth's Economic Development Strategy and to boost skills through partnership working. The first of these hubs is planned for Brixton.

The hub at Brixton, one of three ward-based hubs planned for the borough, will offer a range of services in one location which will seek to enable access to training and employment. Provision within the hub is currently in the planning stages, with discussions underway with relevant partner agencies and organisations.

The hubs will offer support to clients who do not traditionally engage with mainstream services, guiding them into sustainable employment. There will be access to support which addresses the spectrum of clients' needs, to include health, housing, childcare, employment and benefits advice to overcome any barriers to employment. By working with partners such as Job Centre Plus and Lambeth College it is hoped that these Hubs will be able to intervene where it is most needed in the borough.

It is anticipated that the Hub in Coldharbour will go live in April 2009.

In addition to supporting our residents to get training, skills and jobs, it is also vital that we support the business community in the Borough. The Taskforce recognises that the Council can play a key role in promoting local small medium sized businesses in the Borough.

Recommendation: The council should examine ways of maximising awareness of the employment hubs initiative so that benefit to the community and individuals is increased.

Support for Small Businesses

To try and offset the expected difficulties posed by the economic downturn the taskforce has considered options where the council may be able to offer assistance.

The taskforce recognises that Lambeth could improve how quickly it pays council suppliers. Cashflow can pose a significant burden to small businesses. It is the taskforce's view that the council should do all it can to reduce the payment time for invoices from a proposed 30 days to approximately 10 days. By making such a change the taskforce hopes that it will help small businesses during the downturn but will also underline the council's commitment to them.

The taskforce, while recognising this, should also do all it can to promote small business rates relief to ensure that business receive all benefits that they are entitled to.

Recommendations:

The council should work to reduce the payment time for council suppliers from 30 days to a target of 10 days.

The council should promote Small Business Rates Relief potentially through Council's internet business page

Building a better support network.

The taskforce has reviewed the council's relationships with small businesses in the borough. In 2008 the Corporate Procurement Team introduced the following package of three procurement policy initiatives that are aimed at improving business access to opportunities:

- The Low Value, Low Risk Business Questionnaire for purchases valued below £25,000
- Including Lambeth SME's in the Quotation Process – wherever possible a local supplier must be included in the quotation process
- Tender Advertisement – all Tenders must be advertised on the Lambeth website and with [Supply 2 gov](#), as a minimum requirement

The Supply Lambeth programme of events was introduced in 2006-2007 as a collaborative effort between the Lambeth Corporate Regeneration & Enterprise and the Corporate Procurement Team. The programme was designed to deliver a series of informative events for local SMEs, with the goal to stimulate more business between Lambeth purchasers and local businesses and to raise the capacity of local businesses to tender for public sector contracts and access supply chain opportunities. The 2007-2008 programme included presentations from Corporate Procurement, Supply London, One London and LOCOG - The London Organising Committee of the Olympic Games.

All 4 events were well attended (approximately 600 attendees across 4 events) and the feedback analysis was that 100% of delegates achieved their purpose of attending the event.

In addition, last year was the inaugural year of the Lambeth Business Awards and was unanimously acclaimed as a resounding success. The awards are a great way to promote innovation and to encourage and recognise excellence in the commercial sphere. They are also a powerful vehicle to promote the range of business support and advice available.

The awards can be used to engage previous year's winners to share best practice and help promote an enterprising Lambeth.

Finally, in addition to building better links between businesses and the council, the taskforce recognises that small businesses should also have access to specialist advice when they require it. In a similar vein to expanding debt advice to individuals the taskforce is attracted to the idea of implementing a specialist business money adviser to work alongside the business services that the council currently offers.

Recommendations:

The council should provide a focal point for businesses in Lambeth to share ideas for the challenges of the current economic downturn.

The council should implement an additional business financial advice service to work alongside the current business team.

Anti-poverty strategy

Lambeth previously had an anti-poverty strategy; however, this has not been sustained due to the development of the Sustainable Community Strategy (SCS). In light of the current economic conditions and the council's duty to its residents, the taskforce believes that a corporate anti-poverty strategy could be a useful tool in ensuring that the council delivers on the long-term vision set out in the SCS.

The Corporate Equalities and Diversity team are currently developing a Comprehensive Equalities and Cohesion Action Plan into which an anti-poverty strategy could be incorporated, or else an independent anti-poverty strategy developed.

Recommendation: The council should consider developing an anti-poverty strategy to support the council in achieving the vision and objectives set out in the SCS.

Appendix 1: National Fuel Poverty Initiatives:

Carbon Emission Reduction Target (CERT) Obligations

Energy Companies are under an obligation to improve residential energy efficiency and bring down CO2 emissions. CERT means that energy suppliers will provide grants and offers to help householders to pay for energy efficiency measures. Householders can take up grants and offers from any energy company, regardless of whether they are the gas and electricity supplier at that property. Most energy suppliers provide loft and cavity wall insulation for free to those aged over 70 or those in receipt of certain income related benefits.

Cold Weather Payment

A payment for each week of very cold weather in a person's local area; £25 payment is made when the average temperature where an applicant resides is recorded as, or forecast to be, zero degrees Celsius or below over seven consecutive days during the period from 1 November to 31 March. Specified Meteorological Office weather stations are used to obtain this information.

Those eligible for a Cold Weather Payment include people in receipt of Income Support or income-based Jobseeker's Allowance and have a child under five or get one of the following:

- a pensioner premium, higher pensioner premium or enhanced pensioner premium
- a disability premium or severe disability premium
- a disabled child premium
- Child Tax Credit that includes an individual element for a child or qualifying young person who is disabled or severely disabled

Priority Services Register

The priority services register was set up by gas and electricity suppliers to offer free services such as:

- **meter reading** If no one in the household is capable of reading a gas or electricity meter the supplier can arrange for the meter to be read every quarter and for bills to be based on these readings.
- **moving meters** If it is difficult to reach or read a meter the supplier will consider moving it to a more convenient position free of charge.
- **password scheme** A unique password can be set up which will be used every time company staff visit their home.
- **special controls and adaptors** Special controls which may help make gas and electricity controls easier to use can be fitted.
- **advanced notice** If the electricity supply needs to be turned off for planned work extra notice will be given.
- **special assistance** If the gas supply needs to be turned off or disrupted for safety reasons alternative cooking and heating facilities will be provided.
- **bill nominee scheme** Bill copies can be sent to a friend, relative or carers address for checking.
- **services for the visibly impaired** Customers can access bills in Braille, large print or on tape.

Eligible customers include persons who are:

- pensionable age
- disabled
- chronically sick
- deaf or hearing impaired
- blind or visibly impaired

Social Tariffs

Discounted tariffs offered to eligible persons by energy providers. Social tariffs differ dependent on the supplier, however, the general eligibility criteria is any person/s in receipt of:

- Child Tax Credit and salary below £14,600
- Working Tax Credit and salary lower than £14,600
- Disability Living Allowance
- Pension Credit
- Attendance Allowance
- War Disablement Pension
- Disablement Pension
- Child Tax Benefit
- Income Support
- Income Based Job Seeker Allowance
- Carers Allowance
- Severe Disablement Allowance

Warm Front

The Warm Front Grant is a Government-funded initiative which provides a package of insulation and heating improvements up to the value of £2,700 (or £4,000 if oil central heating is recommended). The grant is available for those who own their own home or rent it from a private landlord and meet the following criteria:

1. Householders aged 60 or over in receipt of one or more of the following benefits:
 - Income Support
 - Council Tax Benefit
 - Housing Benefit
 - Job Seekers Allowance (income-based)
 - Pension Credit
2. Householders with a child under 16, or pregnant women with maternity certificate MAT-B1, in receipt of one or more of the following benefits:
 - Income Support
 - Council Tax Benefit
 - Housing Benefit
 - Job Seekers Allowance (income-based)
 - Pension Credit
3. Householders in receipt of one or more of the following benefits:
 - Working Tax Credit (with an income of less than £15,460, which must include a disability element)
 - Disability Living Allowance
 - Child Tax Credit (with an income of less than £15,460)
 - Housing Benefit (which must include a disability premium)
 - Income Support (which must include a disability premium)
 - Council Tax Benefit (which must include a disability premium)
 - War Disablement Pension (which must include a mobility supplement or Constant Attendance Allowance)
 - Industrial Injuries Disablement Benefit (which must include a mobility supplement or Constant Attendance Allowance)
 - Attendance Allowance

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