

# COST OF LIVING CRISIS

Literature Review and Multiple Councils Best Practice  
Comparative Analysis

# Purpose

1. Identify themes emerging in the cost-of-living crisis through a literature review
2. Examining examples of best practice from councils across the UK
3. Provide recommendations from best practice analysis
4. Next steps for the Qual Insights Team
5. Timeline of cost-of-living project

# Cost-of-living themes cutting across literature

- Financial insecurity
- Fuel poverty
- Food insecurity
- Housing
- Child costs
- Economic pressures on all sectors
- Cost-of-living impact on health and wellbeing
- Transport
- Digital exclusion

# Context: Brief history leading up to the cost-of-living crisis

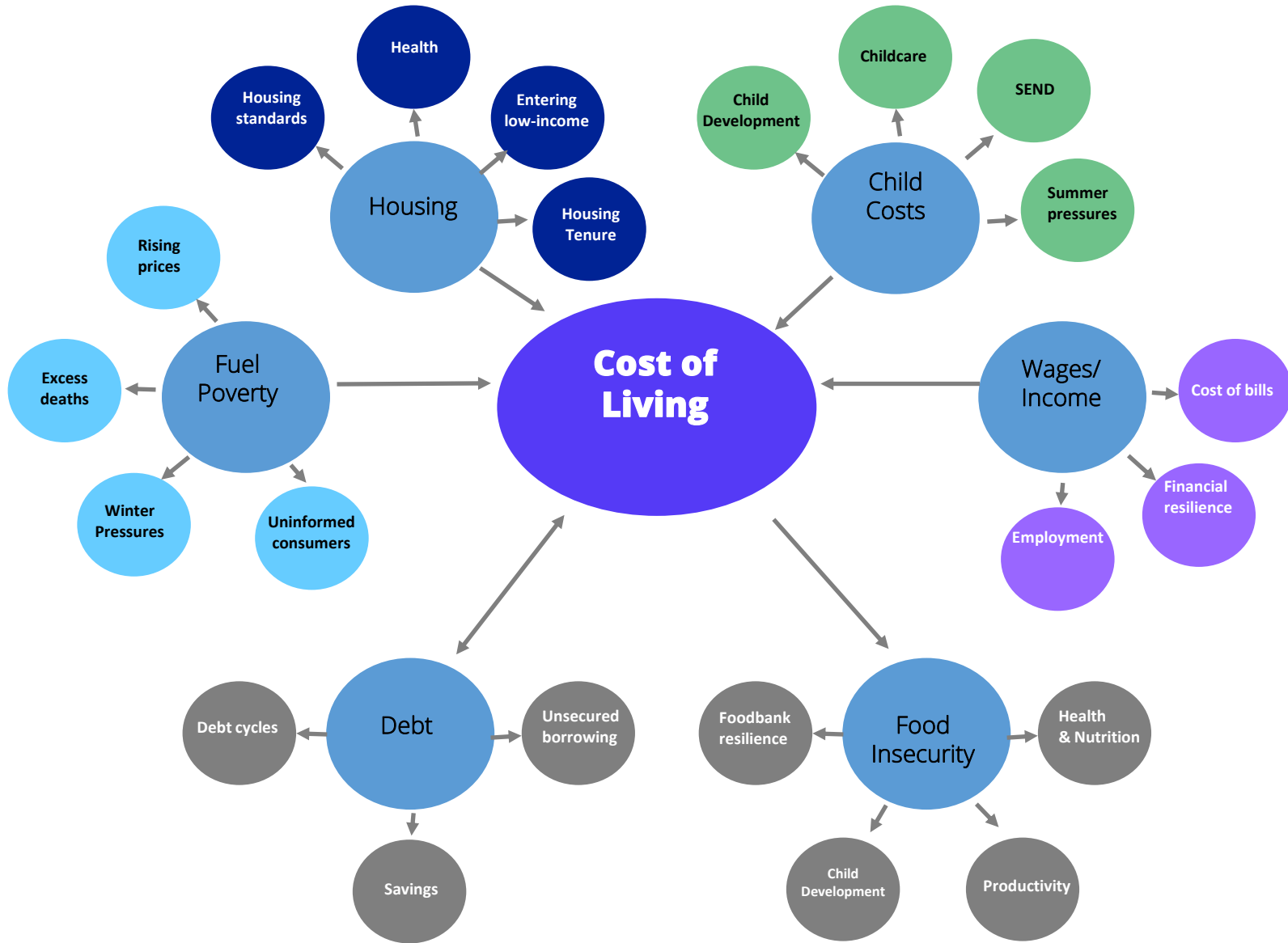
- People losing jobs at the start of the COVID-19 pandemic.
- Austerity in local governance.
- Inflation slowly increasing the past few years.
- A 'perfect storm' of the COVID-19 pandemic, Brexit, and the ongoing war in Ukraine.



# Literature review

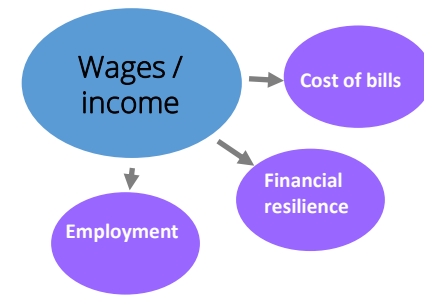
# Impact of cost-of-living crisis

- **Urgency** – Increasing demand for emergency support (food, fuel and debt)
  - New cohort of people accessing services for the first time, while those who previously accessed serviced now have more complex problems
- **Low consumer confidence** – Higher portions of (shrinking) disposable income and savings being spent on essentials
  - Cutbacks on non-essentials *and* essentials
  - Increased reliance on unsecured borrowing
  - Fears about school holidays and Christmas
- **Sustainability of businesses and CVF organisations at risk\***
- **Crisis having a disproportionate impact on different groups** - for example, low-income households, single people, single parents, people with disabilities<sup>(1)</sup>\*\* and health costs.
  - Existing support appears directed at families and non-working households
  - Those who don't access services are missing from statistics
- **Government support falling short** -  
*'Additional support is going only part of the way to compensating the worse off households for rising living costs.'* \*\*\*<sup>(2)</sup>
- Themes are strongly interconnected
- Data lag means we're one step behind



Infographic displaying the causes and interconnections between all themes.

# Wages/Income



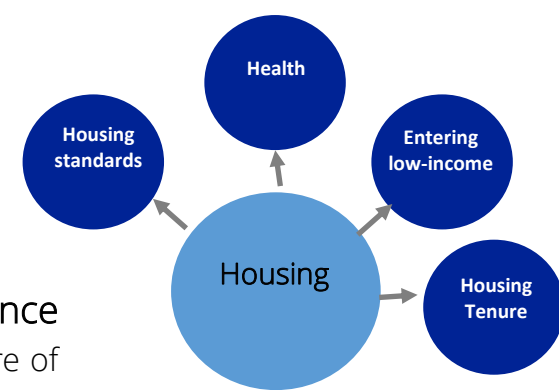
- **Deprived neighbourhoods are uniquely vulnerable to the cost-of-living crisis** (1). Wirral is amongst the top 20 employment deprivation domains in the UK. Birkenhead North features amongst the Top 5 (2). Unemployment is concentrated in our most deprived wards as well as low income, with the residents of Birkenhead in particular, having the highest percentage of jobs below the real living wage (3).
- **Low-income households spend a higher percentage of their income on essential goods and services.** - 'The poverty premium' highlights that these residents often pay more for services overall, including energy, housing, insurance and borrowing, an average of £478 overall (2019) (4). Digital exclusion creates less active/informed/agile consumers, with less ability to shop around or access preferential costs, rates and tariffs (4). This includes transport and fuel, with vehicle access being at only 68%, compared to 76% nationally. This constrains access to improved employment, keeping people trapped in poverty for longer (5).
- **Front-facing support services tell us that households in low-income/receipt of benefits are less financially equipped to absorb cost-of-living increases.** Continued national restrictions on benefits throughout 2021/22, incl. Universal Credit and legacy benefits has impacted on income for families both in, and out-of-work. The fall in real-terms benefits and wages for some residents is pushing more households into relative low-income and poverty (6).

Wirral Plan 2020

1. Local Trust: Left Behind Neighbourhoods, appg, 2022, Living Wage Foundation, 2022
2. The English Indices of Deprivation 2019 (IoD2019): Statistical Release Findings.
3. ONS -: Annual Survey of earnings and hours ASHE - Home Parliamentary Constituency Table 10.5a Hourly pay gross 2021)
4. Bristol University: The poverty premium: a customer perspective
5. 2011 Census data and Paycheck income data.
6. WIS: IMD Comparison 2015 -2019 (income/employment deprivation).



# Housing



- People living in low-income households are more likely to experience lower standards of secure housing – despite spending proportionately more of their income on housing costs (1).
- Tenure of housing has a significant effect on housing standards and health - with renters faring worst overall. Housing costs are a key driver of poverty for many people who rent, with almost half of private renters and a third of social renters entering low-income after housing costs(\*).
- The places people live can make it harder for them to move away from unhealthy behaviours \*\*<sup>(3)</sup>. - Suicide rates 2-3 times higher more deprived neighbourhoods compared affluent ones, rates of hospitalised self-harm twice as high<sup>(4)</sup>.
- COVID-19 risk factors - People living in deprived neighbourhoods have higher rates of almost all the known underlying clinical risk factors that increase the severity and mortality of COVID-19 (5).
- Housing Tenure can make residents more vulnerable to the cost-of-living crisis - People living in rented accommodation (social or private rent) are more likely to be (and remain) in relative low-income after housing costs, than people who own their home\*\*\* (6). They find it harder to afford bills and are most vulnerable to rent hikes.

Wirral Plan 2020

1. Joseph Rowntree Foundation: 2022 Poverty Report.
2. JRF: From pandemic to cost of living crisis: low-income families in challenging times.
3. Kings Fund – Pathways to health inequalities
4. Samaritans :‘Dying from Inequality’
5. Office for National Statistics: Deaths due to Covid-19
6. DWP: Income Dynamics: income movements and the persistence of low income.
7. WIS: IMD Statistics

The fuel poverty status of a household depends on the interaction between three key drivers<sup>26</sup>:



- **Wirral** - 78%-126% increase in residents unable to pay their fuel bills, even after cutting back (highest in South Wirral and Wallasey)\* (1)
- **'Left behind neighborhoods'**\*\* - seeing a sharper rise in fuel poverty than other deprived areas of England (2)
- **Low-income households** - disproportionately impacted by the energy price cap due to higher spending on energy and less energy efficient homes\*\*\*.(2)
- **People with pre-paid meters** – disproportionately impacted\*\*\*\*
- **October energy loan scheme** - perceived to be insufficient by Wirral residents(1)
- **Education/empowerment needed** - to reduce spending on unused energy and maximise energy used (insulation, cheaper sources of heating etc).
- **Acting now** - need to prepare for the impact of cold winters (damage to homes and health)

*'When I attend health meetings/workshops, and I see a slide being presented showing the areas of Wirral with the lowest life expectancy and the worst health in general, those highlighted communities tend to be the same as the households with the worst Energy Performance Certificate rating'*

*'If our clients can't afford to heat their living rooms to 21°C-23°C, they're more likely to succumb to the cardiovascular and respiratory ailments that comprise the majority of those excess winter deaths'*

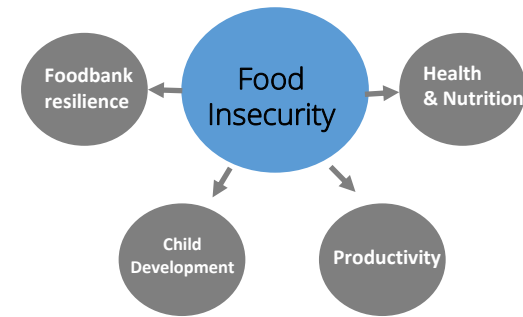
*-CVF Forum Stakeholder*

**Wirral Plan 2020**

1. National Citizens Advice, Crunch Point (Wirral figures provided in report to SLT)

2. Oxford Consultants for Social Inclusion, [Child maintenance and fuel poverty in 'left behind' neighbourhoods](#)

# Food Insecurity



- Skipping meals or eating smaller meals – on the rise in UK\*(1)(2)
- Households with children – experiencing sharp increase food insecurity(1)
- Wirral – Initial findings show people will reduce spending on food to cope with costs(3)
- Prices of ‘budget’ food ranges – may have increased at a faster rate, impacting low-income families(1)
- Risk of malnutrition – from low-cost, calorie dense and nutrient poor foods. Foodbanks are facing increasing requests for products that don’t need cooking.(1)(4)
- Learning from the 2008 recession – pensioners, single-parent households and households with young children experienced the largest decline in nutritional quality. (4)
- Mental health – Food insecurity found to worsen existing mental and physical health issues in Liverpool, and income had most impact on food choices.(5)

**Food inflation likely to reach 15% this summer hitting most vulnerable households hardest**

(6)\*\*

Date : 16 June 2022

- Monthly food bills are set to rise by another £43 per month for a typical family of four.
- Food inflation is set to hit its highest level in more than 20 years.

Wirral Plan 2020

1. The Food Foundation, [Press Release May 2022](#);
2. Union of Shop, Distributive and Allied Workers, [Cost of Living Survey Results 2022](#)
3. Neo Community, Cost of Living Survey (unpublished)
4. Institute for Fiscal Studies, [How households adjusted food spending over the Great Recession](#)
5. Jo-Anne Puddephatt et al, [Eating to survive...](#)
6. The Institute of Grocery Distribution and IGD Services, [Press Release June 2022](#)

# Food Insecurity (continued)

Increasing demand for foodbanks with some demographics/geographies more vulnerable:

- UK
  - Dramatic rise in [single people](#), [social housing tenants](#) and [people with disabilities](#) needing food bank referrals in past year<sup>(1)</sup>
  - Twice as many 'Black and minority ethnic' retail workers had accessed a foodbank than white workers in 2021/22<sup>(2)</sup>
- Wirral – Foodbank Wirral (Sep-21 to May-22) <sup>(3)</sup>
  - 531 more people supported than previous year (7887 in total)
  - 47% accessed emergency food support due to low income
  - Most people were [single](#) (56%), followed by [single parents](#) (19%)
  - Most food distributed to [Birkenhead and Tranmere](#) (24%), [Seacombe](#) (14%) and [Rock Ferry](#) (10%).

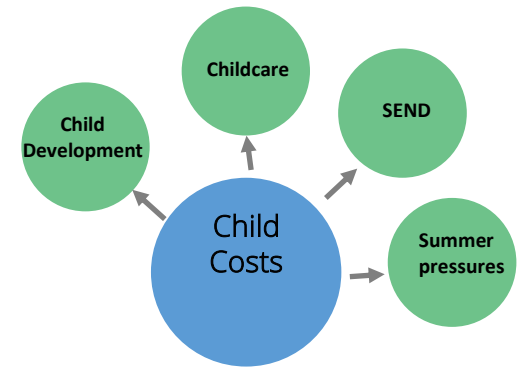
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1. Citizens Advice UK, [Cost of living data dashboard](#) July 2022

2. Union of Shop, Distributive and Allied Workers, [Cost of Living Survey Results 2022](#)

3. Insight provided by manager of Foodbank Wirral

# Child Costs



In 2021 the cost of raising a child in UK reached an all time high:

- £160,692 per year for a couple, and £193,801 for a single parent (1) \*
- Wirral has a higher level of lone parent families than Northwest and England(2) meaning lone parents could be more vulnerable to rising costs
- Furthermore, the 18.9% of children in Wirral living in low-income households may be disproportionately impacted (1) \*\*
- Higher living costs for children with additional needs

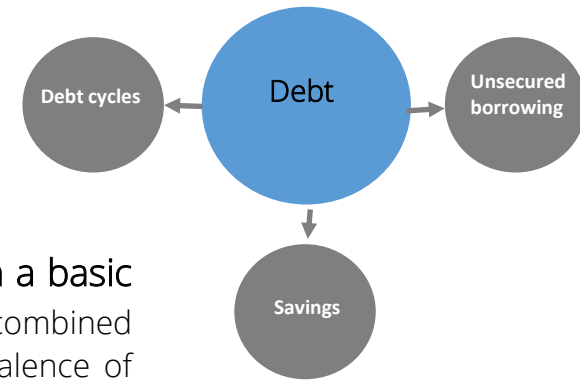
Affordability of childcare was a concern pre-pandemic in Wirral:

- The crisis is pushing cultural/social enrichment opportunities more out of reach
- School holidays causing strain(3)\*\*\*
- Changing relationship with employment – parents ineligible for funding need support

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1. Child Poverty Action Group, [The Cost of a Child in 2021](#)  
2. Wirral Intelligence Service, [JSNA: Child and Family Poverty 2019](#)  
3. Coram, [Holiday Childcare Survey 2022](#)

# Debt



- Price increases across essential items; energy, food and fuel, mean a basic standard of living is moving beyond the reach of workers (1). When combined with the falling real-terms wages/benefits this is creating an increasing prevalence of debt across the UK. Nationally, 7 in 10 people are relying on unsecured borrowing to pay everyday bills, a rise from 4 in 10 in 2021(2). Debt repayments increase risk of debt cycles.
- Every constituency in Merseyside has a worse financial vulnerability score than the national average. In Wirral, Birkenhead now in the top ten constituencies nationally, in this regard(3). Support services tell us that the usual methods of relieving debt strain on households are increasingly insufficient, as some residents are far less financially secure to absorb cost of living increases, pushing them further into debt.
- Front-facing support services are projecting a higher numbers of clients in late 2022 with the upcoming inflation increases in October(4). Over a third of parents nationally worried their finances will suffer over the summer holidays, rising to one half of parents in receipt of Universal Credit (UC). Many parents are expecting to borrow more and use savings in order to afford essentials. Parents on UC twice as likely to use credit or 'buy now, pay later' schemes for essential spending\*5). With high Employment Deprivation, some Wirral residents are far more vulnerable to the shock of the Cost-of-Living Crisis.

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## Wirral Plan 2020

1. The Money Charity UK: The Money Stats – March 2022 – UK Turns To Credit and Debt to Manage Cost of Living Crisis.
2. USDAW (Union): 'Key Workers – Was it worth it?' – Cost of Living Survey results 2022
3. Lowell/Urban Institute: Lowell Financial Vulnerability Index.
4. Energy Projects Plus/Ask us Wirral.
5. StepChange UK (Article): Over a third of parents worried about their finances suffering in the summer holidays

# Best Practice Review

# Cost-of-living impacts and challenges across local councils

- Some councils have declared a cost-of-living emergency
  - e.g., Somerset and Eastbourne in East Sussex
- Between April and June the demand for help with food and energy bills rose by nearly 100% compared to the same period last year across all councils.
- Councils struggling with their own bills
  - e.g., Wigan Council has seen its own energy costs increase by about 115%, making it expensive to keep open buildings that homeless and elderly people, and many families, rely on
- Residents requiring help accessing key services to help them stay independent and healthy.



# Examples of Responses/Solutions Across Councils

Babergh and Mid Suffolk District Councils developed of a five-point action plan:

1. Co-ordinating Government support getting help to those who need it.
2. Exercising discretion providing welfare support and advice to support those facing hard times.
3. Maximising partnership working and established systems to provide targeted support where there is a particular trend and need.
4. Preventing Crisis: Maintaining good health such as referrals for mental health support, use of council gyms, and community-led “wellbeing” initiatives.
5. Ensuring access to food and nutrition such as healthy eating exercises/initiatives, community gardens and larders, or extra support for local food banks.

# Examples of Responses/Solutions Across Councils Continued

- Barnsley council libraries are working with Good Things Foundation to distribute free SIMs and mobile data to people living in data poverty.
- Birmingham Council leader Ian Ward has been convening local charities to discuss a coordinated response to the soaring cost of living.
- Bradford City council holding an ongoing public consultation where residents can shape the food system and how fresh, sustainable and healthy food can be accessed across the Bradford district.
- Cardiff council offering free school meals and sports for children over the summer holidays.
- Cheshire West and Cheshire Council declared a 'poverty emergency' in October 2020 undertook a series of engagement activities to examine the causes of poverty.
- Gateshead council is supporting residents with debt and financial problems. Council tax team use arrears to identify people who need help.
- Funding from the Scottish Government is enabling councils, such as Moray and Aberdeenshire, to provide free period products as and when they are required.

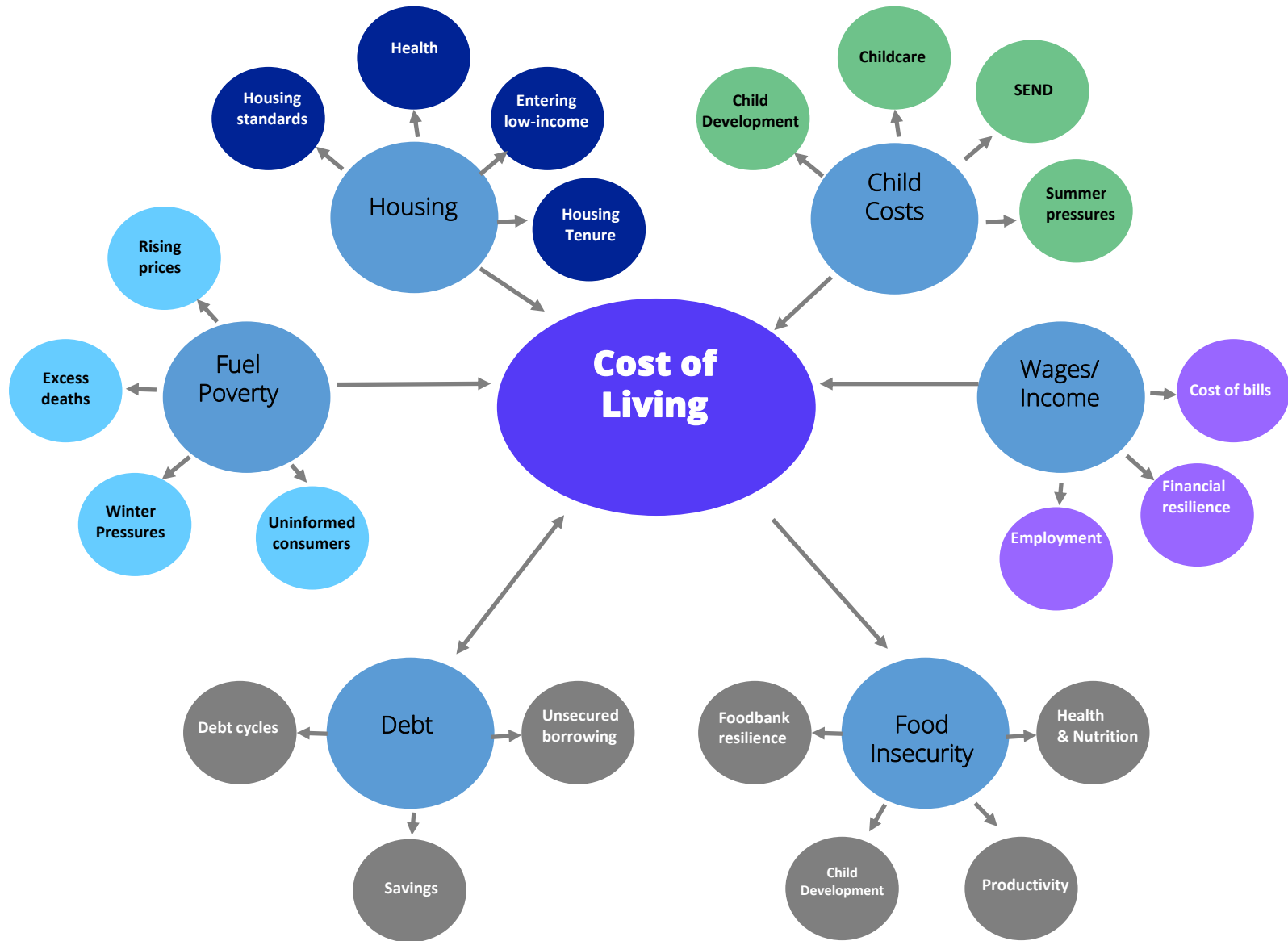
# Recommendations from best practice analysis

- Building partnerships with community and voluntary sector
- Addressing fuel poverty challenges
- Alleviating financial pressures on council buildings and services
  - E.g., the council negotiating with suppliers (such as energy companies) to achieve economies of scale unavailable to households
- Developing a food strategy and improving food security
- Alleviating child poverty
  - E.g., understanding financial barriers at school and identifying the actions that can be taken to reduce them
- Addressing shame and stigma in accessing food support and essential products
- Tackling financial insecurity
  - E.g., signpost budgeting resources
- Improving communications and reducing digital exclusion
- Understanding diverse experiences in the cost-of-living crisis

# Recommendations from best practice analysis (additional)

- A flexible approach is going to be needed to adapt to the multifaceted challenges
- Building on work already underway, making use of already established institutions
- Incentivising cultural and community and voluntary sector organisations to provide them with the space to operate, deliver support, services, and community groups to residents through revitalisation and regeneration projects
- Engaging state support
- Sourcing nutritious, healthy, sustainable foods and locally sourced produce
- Engaging ethnic minority households in emergency food provision. Ethnic minority households are often identified as going without essentials

# Next Steps...



Infographic displaying the causes and interconnections between all themes (additional use)

# Next Steps for the Qual team:

- **Who do we approach?**
  - Understand the needs and experiences of groups identified as vulnerable in the literature review
  - Gather insights across East and West Wirral
  - Explore ways to reach those who don't access services
- **How can we do it?**
  - Undertake a mixed-method approach that combines more traditional and creative methods
- **Timelines**
  - Develop the Project Initiation Document and workplan – September '22
  - Gather and report on insight in Q3 2022/23

# Thank you

We welcome your feedback and thoughts on our approach.