

## Appendix: Increases in the cost of living

- Inflation is predicted to rise to 11% by the end of 2022. “The rise in inflation to a 40 year high this year is expected to reduce real household disposable incomes (RHDI) on a per person basis by 2.2 per cent in 2022-23, the biggest fall in living standards in any single financial year since ONS records began in 1956-57” (Office for Budget Responsibility OBR)
- Inflation for lower earners predicted to be [14%](#) as spend on energy costs are higher.
- Energy price rises. The typical annual household gas and electricity bill rose in April by about £700. The OBR is predicting a further rise of more than £800 a year in October. The price cap for an average home is predicted to be around £3000 per household in October (up from £1277 last year & current £1971). From October onwards price cap to be reviewed 4x per [year](#)
- Fuel costs have increased dramatically, increasing transport costs.

## Number/type of people impacted

- The cost-of-living crisis has been felt by many people in Shropshire. In April 2022 the ONS reported that 9 in 10 people have experienced an increase in costs. Many people who will find themselves struggling will not have needed to seek help before. The existing system is mainly designed to support people with short term financial issues and assumes that people in work will be able to make ends meet.
- In June the [JRF](#) reported that 7 million households had either gone without food in the past 30 days or gone without at least one essential such as a warm enough home or basic toiletries as they can't afford it.
- Over the past few years community organisations have reported that people coming forwards for support have increasingly complex circumstances and need support in multiple areas in their lives.

## Co-ordination of data & Insight

- Much of the available data on the cost-of-living crisis is from National research. There are gaps in our knowledge about the experience of people in Shropshire in accessing support. The Shaping Places research in SW Shropshire indicated a range of issues in accessing support in rural areas. There is concern that people are not coming forwards for the support which is available and there is a need to understand the barriers which are preventing people from coming forwards. E.g., older people don't present at foodbanks, but experience malnutrition.
- There are issues identifying people who are at need of support (hidden poverty and hardship) and why some people don't come forward for support.
- Insight would help us plan interventions and communications better.

## Debt and money advice

- In 2019 the supply of face-to-face debt advice in Shropshire met 29% of demand. The estimated level of unmet need was 2200 people per year ([LGA](#)).
- Low Income households are more likely to use high-cost credit options as they are more likely to be rejected for mainstream credit.

## Housing

- Many people will see increases to housing costs. Social landlord rents can increase by 4.1% in 2022. 2 million households on tracker or standard variable rate mortgages and the base rate has increased 3 x since December.
- There are concern about the build-up of arrears and potential [evictions](#). No-fault eviction proceedings are up 41% on pre-pandemic levels.
- There has been a freeze on the Local housing allowances since 2019

- Funding for Discretionary housing payments reduced from £140 million to £100 million in 2022-23
- Shropshire – Median house price 9.05x median gross annual earnings (Telford 6.53x) [ONS](#)

### Employment/Wages

- The National Living Wage increased by 6.6% in April 2022
- Shropshire has a relatively low wage economy, with a gross weekly full time pay of £584.60 (UK average £613.10). [ONS](#)
- Shropshire has high rates of self-employed people - 29,800 people (14.2%) [ONS](#)

### Food poverty

- In June the [JRF](#) reported that 5.2 million low-income households have either cut down on or skipped meals, or gone hungry because there was not enough money for food in the previous 30 days.
- Data from the [Food Standards Agency](#) shows that almost one in four consumers (22%) now report skipping a meal, or cutting the size of meals, because they did not have enough money to buy food – this has risen steadily since June 2021. Reported food bank usage has also steadily increased since June 2021 (9%), with 15% saying they used a food bank in March 2022. 42% of people reported being concerned about food prices.
- Shropshire foodbanks are reporting that they are:
  - Supporting increasing numbers of people. Shrewsbury foodbank has seen double the number of clients this year and Bishops Castle has seen an increase of 70%.
  - Supporting more clients who are in work.
  - Not seeing an increase in food donations, leaving them buying an increasing amount of food. They are raising concerns about how sustainable this will be.
- 5.36% Shropshire residents experience hunger; 13.87% in food insecurity, 9.31% households worried about their food insecurity (Jan 2021) [LGA](#)

### Fuel poverty

- In June the [JRF](#) reported that 3.2 million have been unable to adequately heat their home since the start of 2022.
- Shropshire has high levels of Fuel Poverty, particularly in rural areas. 16.5% of households identified as being in fuel poverty in 2020 [LGA](#)
- The majority of rural households in Shropshire are not connected to the gas network. There is no price cap on oil. Costs increased rapidly winter 21/22. An approximate rise between 2021 (55p/ltr) to 94p/ltr) most households would have a tank over 1000 ltrs in size.

### Impact on mental health and wellbeing

- Adults in the poorest fifth of households are more likely to suffer from anxiety and depression than adults in the richest fifth of households. [JRF](#)
- Mental health and foodbank use – 51% of clients in early 2020, 72% in mid-2020 reported a mental health condition ([Heriot Watt](#))

### Key Groups Impacted

#### Low Income Households (including households on benefits, low paid workers inc Care sector)

- People on fixed incomes are unable to increase their incomes to meet increased cost of living
  - Universal Credit - 18986 claimants in Shropshire, 8555 in work (April 2022)
  - PIP - 12,561 (Jan 22)
  - Carers Allowance - 5532 claimants (Aug 21)

- People on legacy benefits are going to be moved over to Universal Credit soon and may receive a reduction to their benefit payments.
- Jobs in the care sector are low paid and they look after most vulnerable groups. Also impacted by cost of fuel for home visits.
- Zero-hour contracts create unpredictable incomes

#### **People with long term sickness and disability**

- 24% of cancer patients buying less food due to increases cost of living, 32% wearing coats or dressing gowns rather than putting the heating [on](#)
- Nearly half of all individuals in poverty live in a household where someone is disabled, and a quarter of unpaid carers live in poverty
- 55% of disabled people are depressed about financial situation. 25% have skipped meals, 28% not heated their homes, 30% asked friends and families for financial help, 7% had less than £10 to pay for essentials (including food) after [bills](#)
- Adults with disabilities are 5 times more likely to be in food poverty ([Food Foundation](#))

#### **Families with children**

- Low Income Households in Shropshire - 8922 Children in Absolute low-income households. 11038 Children in Relative low-income households (20/21)
- From April 48% of children will live in households below the Minimum Income Standard, and this rises to 77% of children in single parent households, and 96% of children in out of work households. (NEF)
- Single parent households likely to be most impacted. Lowest level of savings of all groups (£400 compared to £8000 for all household). 73% single parents report that childcare costs same or more than their rent/mortgage; 53% skip meals or forgo heating to pay for [childcare](#)
- Half of all families had either no savings, or less than £1,500 in savings. Lone parent families were substantially more likely to have savings at this lower level than other types of family; 84% of those who were single parents, reported savings of either zero or less than £1,500. ([National Statistics](#))

#### **Older people**

- State pension rose by 3.1% in April, less than inflation
- 75,638 people in Shropshire receiving State pension (Nov 20)
- 7335 people in Shropshire receiving Pension Credit (Aug 21)
- 8848 people receiving Attendance Allowance (Aug 21)
- 5473 people in Shropshire receiving Housing Benefit (Nov 21)

#### **Government support**

- Government energy support
  - £150 council tax rebate announced in April 2022 (Administered via Shropshire Council until September)
  - £400 discount on energy bills for all households in Autumn (Administered via energy supplier)
  - £650 support for Benefits claimants (via DWP, paid in two instalments)
  - £300 Winter Fuel Allowance for older people
  - £150 payment to support people with disabilities
- Household Support Fund. Funding for crisis support (Administered via Shropshire Council)