

Cost of living crisis profile

Full version

Southwark Public Health Division
Public Health, Children and Adults

14 July 2022

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1. Executive summary

The cost of living has been increasing in the U.K. since early 2021.¹ This profile provides an analysis of how this may impact the health and wellbeing of Southwark residents. **All information correct at time of publication (July 2022).**

What has caused this situation?

Wages and benefits have not increased at the pace of inflation, which has risen sharply since May 2021. Inflation has been driven by the rising cost of energy, transport and food. Households are limited in the extent to which they can reduce their consumption of these essential goods. This creates a challenge for low-income households in particular, where there is less room within household budgets to absorb the higher costs.

How will this affect residents in Southwark?

The rising cost of essential goods will impact low-income households disproportionately, as essential goods make up a wider proportion of household spend. Food and housing make up 40% of total weekly expenditure for the lowest income decile, but only 19% of the highest income decile. There is significant variation in income levels across the borough, with Peckham, Old Kent Road and Faraday wards having the largest numbers of residents on low income.

Camberwell Green, and Nunhead and Queens Road, have highest prevalence of fuel poverty in Southwark. Amongst Southwark respondents to the 2019 Survey for London, fuel poverty was higher than average for people with low and very low food security, single parents, persons of Black ethnicity, with disabilities, and aged 35-49 years and 50-64 years. Fuel poverty will remain high unless the energy efficiency of properties is improved, or incomes increase.

What has been put in place to mitigate these impacts?

Measures put in place to mitigate these impacts are mostly targeted at low-income households, pensioners and people receiving disability benefits. Measures in place nationally include:

- A universal £400 refund on energy bills provided to all households in October 2022;
- A £650 payment to households on means-tested benefits, paid in two instalments in July and autumn 2022;
- A £300 top up to the Winter Fuel Payment paid to pensioners from November 2022;
- A £150 payment to people receiving disability benefits from September 2022.

Measures put in place by national government offer some protection to the lowest income groups. The Resolution Foundation estimate that the measures announced to support households this year will “in effect offset 82 per cent of the rise in households’ energy costs in 2022-23, rising to over 90 per cent for poorer households”.² Nevertheless, households with higher than average spend on essential goods – including households with multiple dependents or those reliant upon a car for travel – will be more affected by rising costs. This includes households in median income groups who will not be in receipt of targeted payments.

Further targeted support will be provided through local administration of the Council Tax Rebate, Discretionary Fund and Household Support Fund:

- A Council Tax Rebate of £150 will be paid to households in council tax bands A-D;
- The Discretionary Fund will be used to make payments to households in council tax bands A-D ineligible for the rebate, households on a low-income in council tax bands E-H, and further payments to low-income households in receipt of the Council Tax Rebate. These

¹ [CBP-9428.pdf \(parliament.uk\)](#)

² [Back on target • Resolution Foundation](#)

payments will be administered via the new Southwark Council Cost of Living Fund (SCCOLF);

- The Household Support Fund will be used to cover the costs of free school meals during school holidays and direct support with energy costs to low-income households, via the SCCOLF.

The Council is planning how to use the recently announced extension to the Household Support Fund (to end March 2023) and will bring forward detailed proposals later in summer 2022.

What evidence is there that this will impact health and wellbeing?

The rising cost of living will have immediate and longer-term impacts on residents. One of the most common responses to the rising costs of living has been to reduce spend on essential goods, including food and energy³.

Food insecurity and access to nutrition: With increasing food costs, it will become increasingly difficult for those on lower incomes to afford to eat a healthy diet. The rising cost of food has led to an increase in people reporting that they are cutting back on meals or missing food altogether⁴.

Wellbeing and financial stress: The rising costs of living will impact mental wellbeing through financial stress. Around three in four (77%) respondents to an ONS survey in May 2022 reported feeling very or somewhat worried about the rising cost of living.

Fuel poverty: 15% of Southwark respondents to the 2019 Survey for Londoners reported they could not keep their homes warm enough. Cutting back on heating has been a common response to rising energy bills. Cold homes can exacerbate a range of health problems including respiratory and circulatory conditions and increased risk of poor mental health.

Transport poverty: Costs of transport will affect Southwark residents differently, with the cost of fuel rising more sharply than Transport for London prices. Reduced access to transport can affect access to employment, education, healthcare, shops including essentials, with both immediate and longer term impacts on health and wellbeing.

Housing instability: Housing affordability is frequently cited as an issue for people experiencing mental ill health related to housing⁵. Whilst those who live in social rented housing will not see an increase in rent, rising costs on food and fuel may lead to rent arrears. People in private rented housing may see an increase in rent, particularly if rent includes utility bills.

Summary

The cost of living crisis has added additional pressure to many who already experience health impacts as a result of low income, and live in more deprived areas of Southwark. Measures put in place by the government will provide some protection to those on lowest incomes. However, households with a larger than average spend on essential goods will feel pressure on their budgets. This includes households who are not currently eligible for support. Evidence has shown that people are responding to the crisis by cutting back spend on essential goods. This means more Southwark residents experiencing food insecurity, financial stress, fuel poverty, transport poverty and housing instability.

³ Actions taken to help manage living costs for Londoners, and those who are financially insecure in June 2022 (GLA)

⁴ <https://www.foodfoundation.org.uk/press-release/millions-adults-missing-meals-cost-living-crisis-bites>

⁵ Shelter (2017) The impact of housing problems on mental health. London; Tsai, A. C. (2015) Home Foreclosure, Health, and Mental Health. Plos One

Cost of Living Profile

This is a live document and reflects intelligence available as of July 2022.

Who will be most affected by cost of living crisis?

People on low-incomes, especially those who do not receive Universal Credit

- Low-income households spend higher proportion of total spend on food, housing and energy – areas which have seen highest inflation, and more limited space to cut back on essentials (40% for lowest income group; 4% of Southwark households)
- There is targeted assistance, but those on low incomes not receiving Universal Credit will be most affected
- Across London, people earning less than £20,000 are more likely to report financially struggling in June 2022 (29% vs 17% total).

Faraday, Old Kent Road and Peckham

- Highest % of residents in lowest three income decile groups, and highest % receiving Universal Credit.
- Amongst top 7 highest wards for fuel poverty (13-14% of households).

Camberwell Green, Nunhead and Queens Road

- In 2020, fuel poverty was highest in these wards, at 15% of households, with some communities at 16-20%.

People with disabilities

- In 2019, people with a disability in Southwark were more likely to be in fuel poverty (26% vs 15% total)
- Across London, people who are deaf or disabled are more likely to report financially struggling in June 2022 (35% vs 17% total).

How will this affect health and wellbeing?



Food security and nutrition

- Increasing food costs and increased demand for lower priced food ranges makes shopping on a limited budget harder → low income households most affected
- More difficult to maintain a healthy, nutritious diet due to healthy food costs and costs of food preparation
- Increase in households cutting back on food or missing meals



Fuel poverty

- Cold homes can affect respiratory or circulatory problems, and increase risk of poor mental health
- Over half (55%) of respondents to April 2022 poll felt their health had been negatively affected by rising costs; 84% as a result of rising heating costs



Mental wellbeing and financial stress

- 3 in 4 (77%) respondents to May 2022 survey felt very or somewhat worried about rising cost of living. Half of those who were worried felt this nearly every day
- Financial stress can lead to poor mental health and wellbeing
- Debt problems can lead to poor mental and physical health, and stress around finances can make managing debt more difficult



Housing instability

- Housing affordability often an issue for people experiencing mental ill health
- Rising costs in other areas may lead to rent arrears.



Transport poverty

- Rising cost of petrol will affect those who rely on car travel for work and can't use active travel/ public transport/ car share

2. What has caused this situation?

- The 'cost of living crisis' refers to the fall in 'real' incomes (that is, adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021. It is being caused predominantly by high inflation outstripping wage and benefit increases and has been further exacerbated by recent tax increases⁶.
 - Inflation has risen due to a number of factors including increased consumer demand for goods, supply chain bottlenecks, return of global gas demand as pandemic restrictions are lifted, lower than normal production of natural gas, and the impact of Russia's invasion of Ukraine on the cost of goods exported by those countries and energy prices.⁷
 - The Bank of England estimate inflation to increase to around 10% in October 2022, but then begin to fall in 2023 and return to the target of around 2% in two years' time.⁸
- The main drivers of consumer price inflation over recent months have been energy, transport and food. These are essential goods meaning that price changes have limited impact on demand, even as prices rise. As such, when prices for these essentials increase, consumers may be forced to reduce spending elsewhere to maintain at least a minimum level of consumption of the essentials. This is likely to have a disproportionate effect on lower income households as they have less disposable income that can be switched from non-essential spending to cover necessities⁹.
- In the year to May 2022, domestic gas prices increased by 95% and domestic electricity prices by 54%¹⁰. Further price increases are anticipated later this year.
- Food prices have increased by 8.6% in the year to May 2022. This is based on a constant shopping basket, which is likely not representative of the shopping baskets of those on the lowest incomes who already experience pressure on food costs.
- When comparing costs of similar household items, there is a large variation between the cheapest and second cheapest comparable item. Typically there is a jump of around 20% or more. Where the cheapest item is unavailable this can place significant additional strain on household budgets, particularly for those on lowest incomes.
- Increasing fuel and food costs have already driven changes in consumer behaviour¹¹, but these will have different impacts across income levels. Lower income households are likely already conservative with fuel and food expenditure so have less space to cut back than those on higher incomes, as well as not having the option to choose to save less to absorb the higher costs¹².

3. How will this affect residents?

3.1 How does income vary across Southwark?

- In mid-2022, median income for a household in Southwark was £41,505¹³. This does not account for size of household.
- Income decile groups are assigned by ONS based on national income (Table 1). 4% of Southwark's households are in the lowest income decile (<£228 per week/ £11,856 per year), equivalent to almost 6,000 households.
- 23% of Old Kent Road households live in lowest two income deciles, 22% of Peckham, 20% of Camberwell Green and 20% of Faraday. Details on all wards available in Appendix.

⁶ <https://www.instituteforgovernment.org.uk/explainers/cost-living-crisis>

⁷ [CBP-9428.pdf \(parliament.uk\)](https://www.parliament.uk/documents/cbp-9428/cbp-9428.pdf)

⁸ <https://www.bankofengland.co.uk/monetary-policy-report/2022/may-2022>

⁹ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/overviewofinflationandthecostoflivingforukconsumers/june2022>

¹⁰ <https://researchbriefings.files.parliament.uk/documents/CBP-9428/CBP-9428.pdf>

¹¹ <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/publicopinionsandsocialtrends/greatbritain/8to19june2022>

¹² <https://www.instituteforgovernment.org.uk/explainers/cost-living-crisis>

¹³ CACI Paycheck Directory, 2022

- Median income is lowest in areas of Old Kent Road, Peckham, Faraday which are also wards with highest proportion of residents in the lowest income decile group. No LSOAs have a median income in the lowest income quintile (<£17,420) (Figure 1).

Table 1 – Lower boundary of income decile groups in December 2020 (ONS) and distribution in Southwark in mid-2022 (CACI Paycheck Directory)

Income decile	Lowest ten percent	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Highest ten percent
Lower boundary of gross income/ week (£)		228	335	446	568	708	873	1,051	1,296	1,733
Lower boundary of gross income/ year (£)		11856	17420	23192	29536	36816	45396	54652	67392	90116
Proportion of Southwark households in each income group	4%	10%	8%	12%	7%	13%	11%	10%	11%	13%
Approx. number of Southwark households	5735	13879	10652	15874	9385	17926	14916	13223	15454	17357

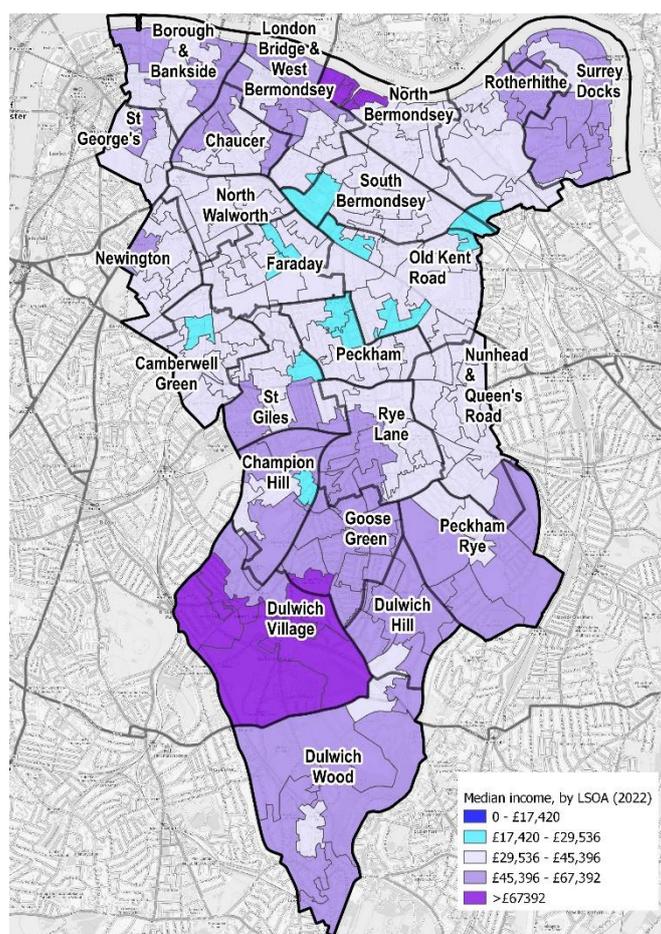


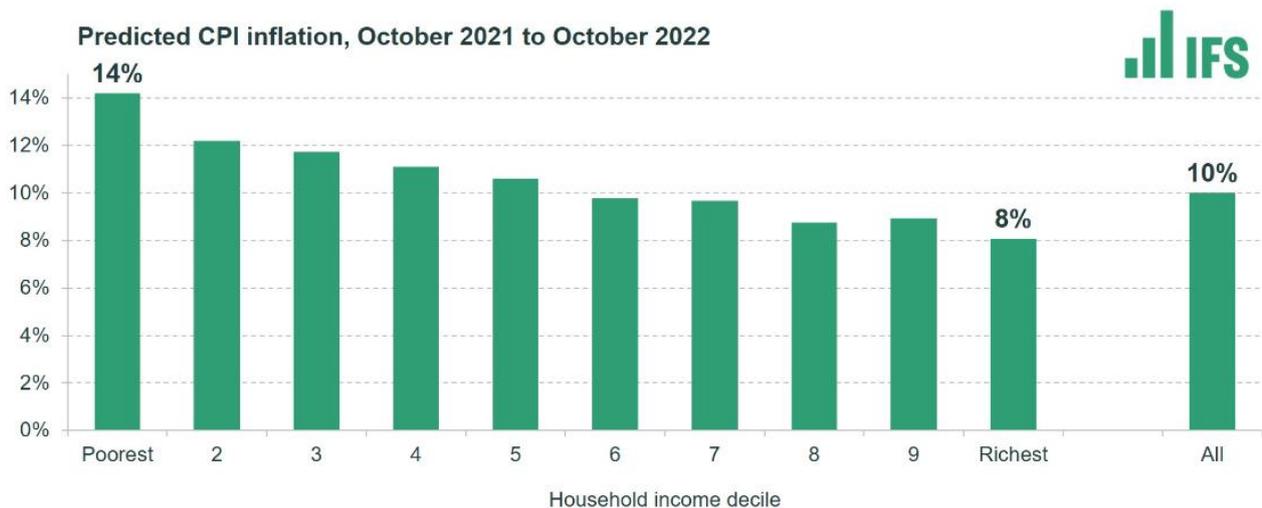
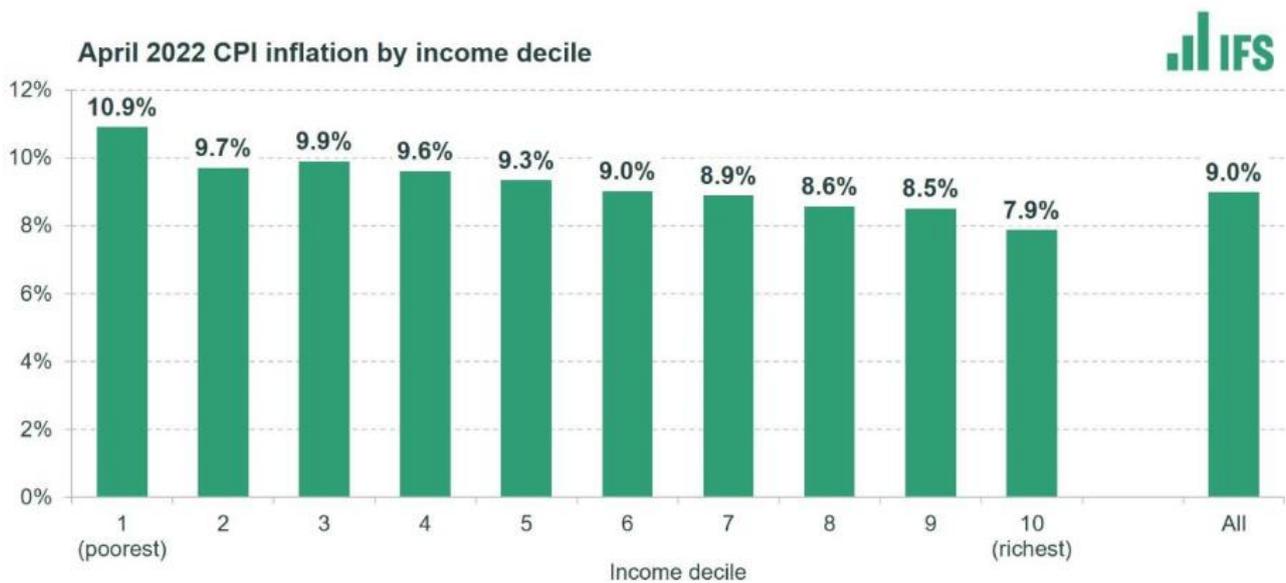
Figure 1 – Median income by income quintile group, by LSOA (CACI Paycheck Directory, 2022)

3.1.1 How will income change in the future?

- The latest income data is for mid-2022. Looking forward, real income is estimated to drop by 1% through the year¹⁴. It is not possible to forecast how local income will change in the future.
- A survey of businesses by ONS showed that between February and April 2022, regular pay fell by 2.2% in real terms on the year¹⁵.
- As a result of the Cost of Living support measures, some groups will see an increase in real take-home income; for people working full time on National Living Wage (NLW) with no working partner, and for lone parent households with 2 children who work full-time on National Living Wage and receive Universal Credit.

3.2 How does spending and inflation impact income decile groups nationally?

- Institute of Fiscal Studies looked at the impact of inflation across income decile groups (Figures 2 and 3). This shows the disproportionate impact on lower income groups, due to a higher proportion of their spend on areas seeing highest inflation.



Figures 2 and 3 – Predicted inflation across income decile groups in April and October 2022 (Institute for Fiscal Studies)

¹⁴ <https://www.ft.com/content/f9c70dd8-8cea-4ef9-a1b0-34c4280330ff>

¹⁵ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/june2022>

- In order to understand more about how spending will be affected in the different income groups, Southwark Public Health Division conducted a desktop exercise to apply May 2022 inflation to December 2020 spending patterns. This analysis is set out in the following three paragraphs and local impacts summarised in Table 2. Whilst this analysis doesn't take account of changes in tax or benefits, it provides an illustration of the unequal burden of inflation across society.
 - This won't show whether people can afford these additional costs, but what the costs would be if they maintained the same spending behaviours as in December 2020.
 - The rising cost of living has driven a change in spending behaviours, with over 4 in 10 adults reporting buying less food when food shopping in June 2022, compared to just 1 in 10 in September 2022¹⁶.

3.2.1 Proportion of spend on housing and food

- Residents are less able to adjust patterns of spending on food and housing costs, particularly those on lower incomes.
- Food and housing make up 40% of total weekly expenditure for the lowest income decile, but only 19% of the highest income decile. Graph and data table available in Appendix.
- Food has increased by 9.1% and housing and fuel by 19.4% between May 2021 and May 2022, meaning that people in the lowest income deciles experience an overall higher impact of inflation.

3.2.2 Estimated weekly expenditure by income group in May 2022

- When comparing changes in expenditure between December 2020 and May 2022 the lowest income decile are estimated to be spending an extra £738.40 a year on housing, fuel and food, from £92.30 to £106.50 per week. Details for all income decile groups available in Appendix.
- Whilst in absolute terms, all income decile groups will have the same inflation applied to food, housing and fuel, the additional burden is higher on lower income groups where this makes up a higher proportion of total spend.

3.2.3 How does this apply to Southwark?

- One in five (22%) of Southwark residents earn less than £446 a week/ £23,192 a year. This income group spend between 36-40% of their income on housing, food and fuel which will equate to an additional £14.19-18.82 a week on these expenses. This equates to at least 6-7% of their weekly income.
- Whilst higher income groups see a larger extra spend, this area of expenditure is a lower proportion of their total weekly expenses.
- These additional expenses assume that people continue to live in the same way that they did in December 2020. However, we know that people are already changing behaviours to accommodate the increase in living costs e.g. reducing spend on clothing and travel.

¹⁶ <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/publicopinionsandsocialtrendsgreatbritain/8to19june2022>

Table 2 – Estimates of extra spend per week on housing, food and fuel as at May 2022 across income decile groups, and how these relate to Southwark population

Income decile	Lowest ten percent	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Highest ten percent
Proportion of Southwark households in each income group	4%	10%	8%	12%	7%	13%	11%	10%	11%	13%
Lower boundary of gross income/ week (£)		228	335	446	568	708	873	1,051	1,296	1,733
Proportion spent on housing, fuel and food	40%	37%	36%	31%	29%	28%	26%	23%	22%	19%
Extra spend per week on housing, food and fuel (£)	14	15	19	19	21	23	24	24	25	31
Proportion of income needed to cover the extra spend on housing, food and fuel		6.7%	5.9%	4.7%	4.1%	3.7%	3.2%	2.7%	2.3%	2.3%
Total extra spend per week (£)	22	25	33	36	42	51	54	62	66	92

3.3 How does Universal Credit claimants vary across Southwark?

- Over the last year, the number of residents receiving Universal Credit has decreased by 14% from 43,699 in April 2021 to 37,526 in April 2022. This will be partly explained by those who were receiving Universal Credit to support unemployment/ reduced employment during COVID-19 now returning to regular work.
- Looking at the more recent period from January 2022 where cost of living pressures increased, there has been a continued small decrease in the number of people receiving Universal Credit, mirroring the trend across London. There are 15,401 people receiving Universal Credit in employment, and 22,124 in receipt who are out of employment in Southwark.
- Whilst more people experience cost of living pressures, this won't automatically cause an increase in the number of people receiving Universal Credit unless people become unemployed or earn less in nominal terms (neither of which are forecast). However, as people begin to spend their savings, more may become eligible for Universal Credit¹⁷.
- As at April 2022, Faraday, Peckham and Old Kent Road have the highest proportion of residents aged 18+ years old who receive Universal Credit, with almost one in four (23.4%) in Peckham¹⁸. This pattern matches with median income (Figure 4).

¹⁷ <https://www.gov.uk/universal-credit/eligibility>

¹⁸ Note that this uses total 18+ population, whilst not all will be eligible for Universal Credit, so the proportion of residents who receive UC out of only those eligible will be higher than reported here.

- One way of measuring in-work poverty is to look at what proportion of those who receive Universal Credit are employed, as this indicates where employment is insufficient to meet the financial needs of a household. 18 of the 23 wards have 40% or more of Universal Credit claimants in employment, with the highest proportion seen in Faraday with almost half (45%) of those on Universal Credit in employment (Figure 5). In comparison, 40.5% of people in London who receive Universal Credit are employed, similar to Southwark average (41%).

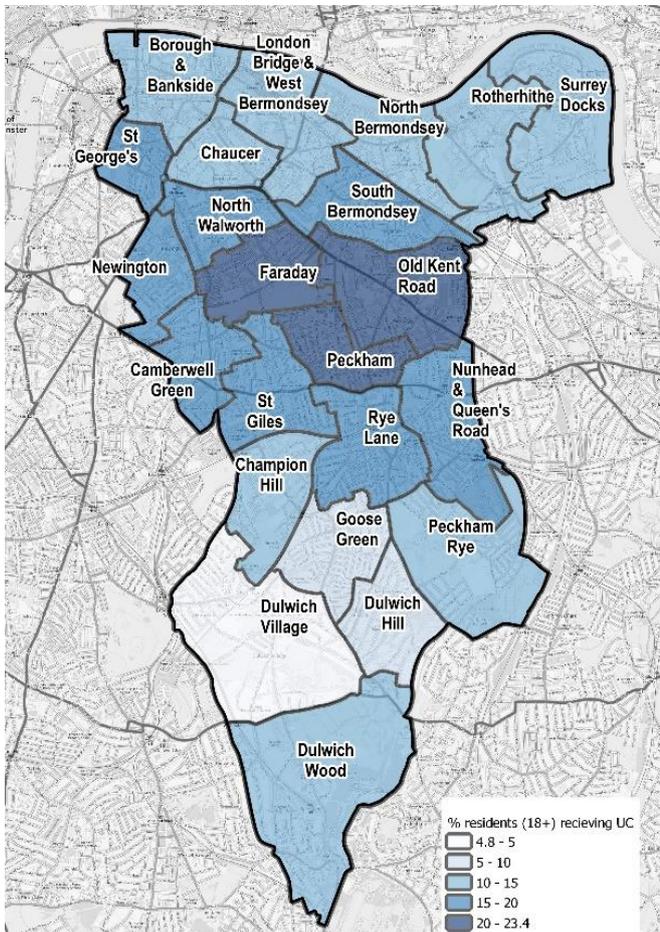


Figure 4 – Percentage of residents (aged 18+ years) who receive Universal Credit in April 2022, by ward (DWP)

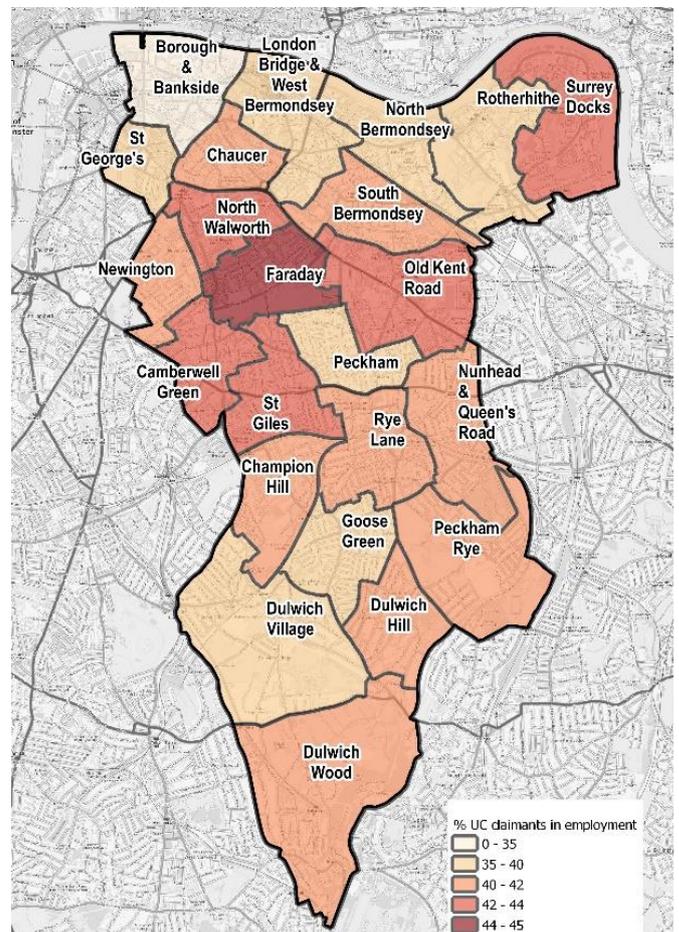


Figure 5 – Percentage of Universal Credit claimants in employment in April 2022, by ward (DWP)

3.4 How did fuel poverty vary across Southwark in 2020?

3.4.1 What is fuel poverty?

- Fuel poverty is measured using the Low Income Low Energy Efficiency (LILEE) indicator which considers a household to be fuel poor if it is living in a property with an energy efficiency rating band of D, E, F or G, and its disposable income (income after housing costs and energy needs) would be below the poverty line¹⁹.
- Energy prices, income and energy efficiency are the three main drivers of fuel poverty²⁰.

3.4.2 How does fuel poverty vary across Southwark?

- Across Southwark, 11% of households experience fuel poverty, similar to London at 12%. This varies across the borough (Figure 6).
- Fuel poverty is highest in Camberwell Green and Nunhead & Queens Road, with 15% of households experiencing fuel poverty. Ward-level data table available in Appendix.

¹⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056777/annual-fuel-poverty-statistics-lilee-report-2022-2020-data.pdf

²⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056777/annual-fuel-poverty-statistics-lilee-report-2022-2020-data.pdf

- 15% of Southwark respondents to the 2019 Survey for Londoners reported they could not keep their homes warm enough. Fuel poverty was higher in people with low and very low food security (44% and 46%) single parents (37%), persons of Black ethnicity (32%), with disabilities (26%), and aged 35-49 years (19%) and 50-64 years (18%). This highlights that there are demographic inequalities that will be contributing to the geographic inequality seen in the map below.

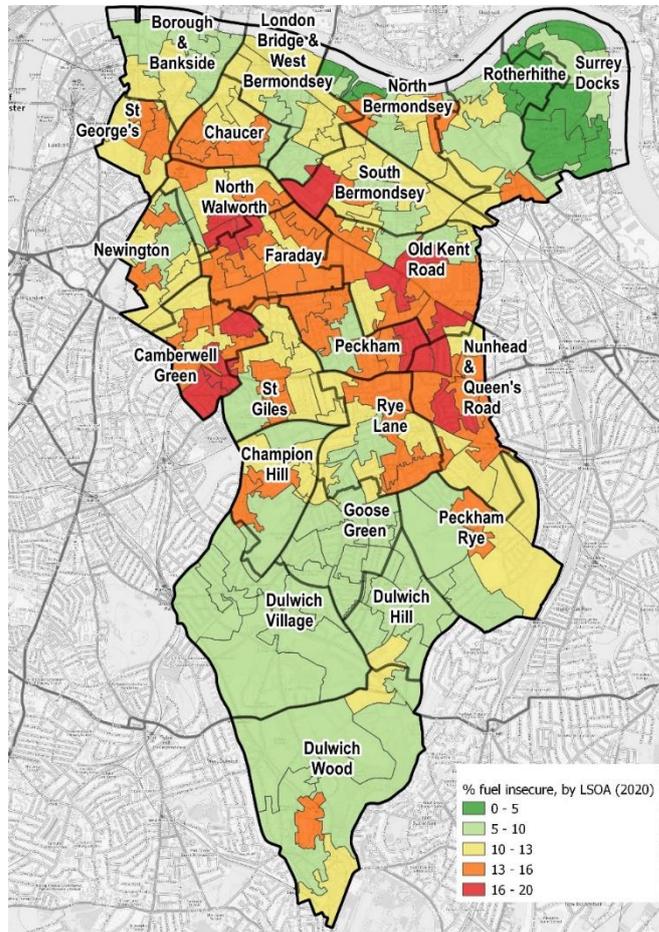
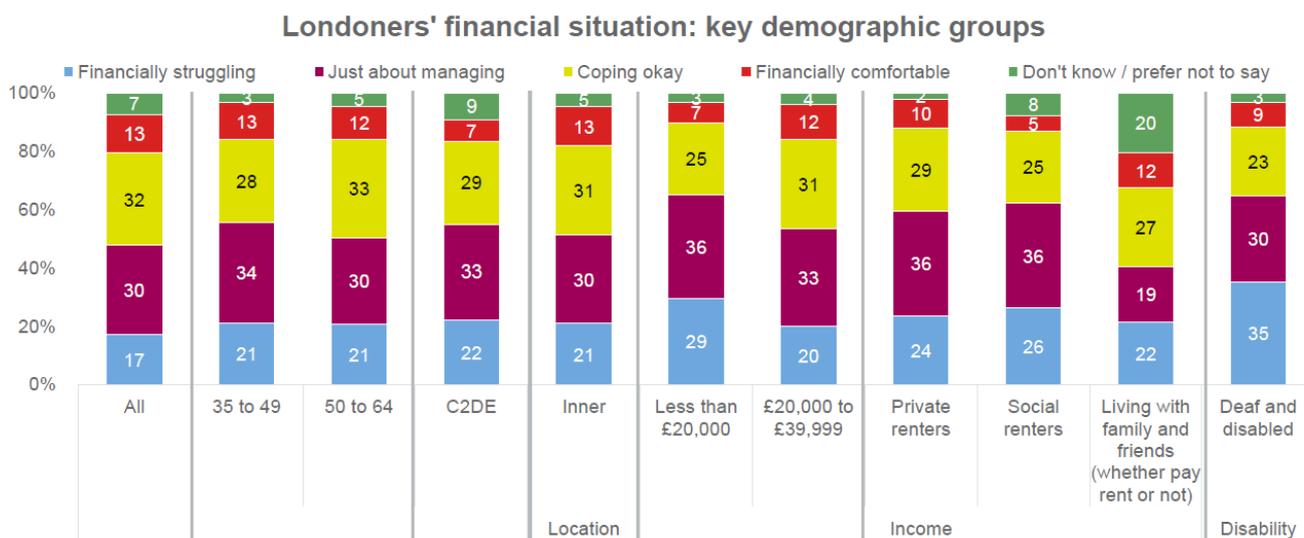
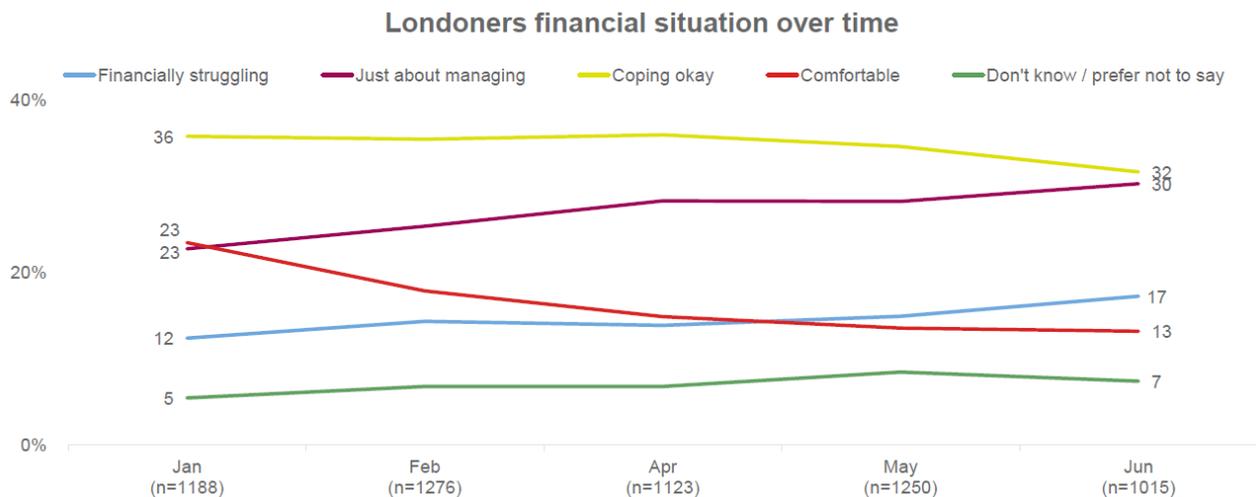


Figure 6 – Proportion of households who are fuel insecure in 2020, by LSOA (BEIS)

3.5 What is the picture across London?

- GLA are carrying out monthly opinion surveys on cost of living. Results from these can give a real-time picture of impacts on Londoners, and how these vary by demographic groups²¹.
- From Jan 2022 to Jun 2022, the proportion of respondents reporting that they are financially struggling has increased from 12% to 17% (Figure 7). This is higher for some demographic and socio-economic groups, with those who are deaf and disabled reporting highest proportion who are financially struggling at over one in three (35%) (Figure 8).

²¹ <https://data.london.gov.uk/dataset/gla-poll-results-cost-of-living-2022>



Figures 7 and 8 – Financial situation of respondents to survey over time, and key demographic groups in June 2022 (GLA)

- The most popular actions to help manage living costs are spending less on non-essentials (53%), buying cheaper products (51%) and using less water, energy or fuel (40%). Stopping or delaying non-essential spend (40%) and saving less (37%) come in as the fourth and fifth most popular actions.
- Three quarters of financially struggling Londoners (75%) are buying cheaper products, 73% are buying less food and essentials. They are twice as likely to be buying less food and essentials (73% v 37%) than the average Londoner. 38% are going without essentials and 32% are borrowing money from family or friends, both of which are three times higher than the average Londoner (11% and 10% respectively).
- More detail on ways people are managing living costs is available in the Appendix.

3.6 Where in Southwark will feel the biggest impact of inflation?

- Old Kent Road, Peckham, Camberwell Green and Faraday have the highest proportion of residents in the lowest three income decile groups (less than £446 a week/ £23,192 a year), as well as areas with lowest median income across Southwark. These wards also see highest proportion of residents receiving Universal Credit, and relatively high proportion of fuel poverty.
- The 26 May Cost of Living support package provides some protection from higher inflation to those on Universal Credit and other means-tested benefits. Research from IFS shows that some

households, such as those on the national living wage and receiving Universal Credit, will be better off this year in real terms than last year²².

- Those who are on low income but not in receipt of targeted assistance are at greatest risk of the additional costs to housing, fuel and food. Increases in these areas equate to an additional £14.19-18.82 a week, equivalent to at least 6-7% of weekly income. These additional costs may be different in reality as behaviours may have changed to limit the increase in costs, or will be mitigated through cutting back in other areas e.g. clothing, transport.
- One group of particular concern will be people on low incomes with No Recourse to Public Funds, who will not be eligible to receive most measures put in place by government.
- Camberwell Green and Nunhead and Queens Road have highest prevalence of fuel poverty in Southwark. These will remain high unless there have been improvements in energy efficiency or an increase in income, with higher prevalence estimated for those with a disability, from a Black ethnic background and single parents.
- Across London, those who are deaf or disabled (35%), earning less than £20,000 (29%) or living in social rented housing (26%) saw highest proportions reporting that they were financially struggling in June 2022. Distribution of low-income groups in Southwark has been discussed previously, whilst density of social rented housing and those who are deaf or disabled will vary across Southwark. Additional support will be required for these groups who may not also be captured by the geographic areas of focus.
 - 14% of people in Inner London had a disability in 2020/21, equating to 44,800 people in Southwark. There is no available intelligence on areas of Southwark with higher prevalence.
- Personal circumstance cannot be captured here - some people in more median income groups may have larger expenditure which is difficult to cut down e.g. travel to/ from a family or friend they care for, or larger households with more dependants.
- In addition, the weekly expenditure data is at a national level so does not account for higher housing costs in London, or lower costs (on average) on travel. The lowest income group spend 9% (£24.20) a week on transport which is likely much lower in London. There is not sufficient data to adjust weekly expenditure to London. However, there may be some residents who are in the lowest income decile groups but have to drive to work some/ all of the time due to shift patterns/ location of work.
- Seasonal pressures related to summer holidays and childcare will place an additional immediate burden on families who will struggle to afford these costs, on top of the rising costs during term-time.

4. What is currently in place to mitigate these impacts?

A number of measures have been put in place to mitigate the impacts of the rising cost of living.

4.1. Nationally administered measures

4.1.1 Universal measures

- A £400 discount on energy bills will be provided to all UK households from October 2022.
 - Credit will be applied to the account for households paying by direct debit or credit. Households with a pre-payment meter will have this credit applied to their meter or paid via voucher.

4.1.2 Targeted measures

- Households on means-tested benefits will receive £650 – with two instalments paid for most families in July and autumn 2022.

²² <https://ifs.org.uk/publications/16066>

- This includes households receiving Universal Credit; Income-based Jobseekers Allowance; Income-related Employment and Support Allowance; Income Support; Working Tax Credit; Child Tax Credit; Pension Credit.
- Families in receipt of tax credits only will receive their payments slightly later than others.
- People who receive a Winter Fuel Payment will receive an additional £300 from November 2022. This is expected to apply to over 8 million pensioners nationally.²³
- A payment of £150 will be made to people receiving disability benefits.
 - This includes people receiving Disability Living Allowance; Personal Independence Payment; Attendance Allowance; Scottish Disability Benefits; Armed Forces Independence Payment; Constant Attendance Allowance; War Pension Mobility Supplement.²⁴
- The targeted measures are a short-term interventions that were chosen as an alternative to increasing benefits in line with inflation in 2022-23.
 - The flat rate payment approach will benefit some households more than others. The one-off payment rate does not vary according to household size, despite differences in spending on essential goods. Families with three or more children, in particular, may be worse off than they would have been had benefit rates been increased with inflation in October 2022.²⁵
 - The use of flat payments also means a ‘cliff-edge’ of people who will not benefit from these measures. This will affect people whose benefit claims are received just after the cut-off date for the flat payment.
 - Those whose income or savings are just over the threshold for means-tested benefits will not benefit from these measures.²⁶
 - These measures are progressive and targeted towards poorer households. The Resolution Foundation estimate that the measures announced to support households this year will “in effect offset 82 per cent of the rise in households’ energy costs in 2022-23, rising to over 90 per cent for poorer households”.²⁷
- The Chancellor has announced that the April 2023 benefit rates will be increased in line with the inflation figure for September 2022. As inflation is expected to be higher in September 2022 than the following April, it is expected that this will mean a real-term increase in the value of benefits.²⁸

4.2. Locally administered measures

4.2.1 Council Tax Rebate and Discretionary Fund

- National government announced a £150 Council Tax Rebate scheme to support households with the rising costs of bills for households in council tax bands A-D. It also provided funding to billing authorities for households in need but not eligible for the Council Tax Rebate, known as the Discretionary Fund. Switham’s allocation was £17M and will benefit more than one hundred thousand households.
- In Switham, the Council Tax Rebate is being administered in four ways:
 - Automatically where live Direct Debit instruction is held
 - Via application where live Direct Debit instruction is not held
 - Via Post Office Payment voucher for households in receipt of Council Tax Reduction
 - Via credit to Council Tax accounts for households that have not claimed their credit in other ways.

²³ [CBP-9428.pdf \(parliament.uk\)](#)

²⁴ [CBP-9428.pdf \(parliament.uk\)](#)

²⁵ [Back on target • Resolution Foundation](#)

²⁶ [Back on target • Resolution Foundation](#)

²⁷ [Back on target • Resolution Foundation](#)

²⁸ [CBP-9428.pdf \(parliament.uk\)](#)

- In addition to households eligible to the Council Tax Rebate, Southwark will target three further cohorts of households with the Discretionary Fund:
 - Households who are not liable for council tax in homes banded A-D and ineligible for a rebate;
 - Low income households liable for council tax in homes banded E-H and ineligible for a rebate under the main scheme will receive a rebate and extra support.
 - Low income households liable for council tax in homes banded A-D and eligible for a rebate under the main scheme will receive extra support.
- The Council will identify those eligible for the Discretionary Fund through council tax records or via referral from the Southwark Community Support Alliance. Discretionary Fund payments will be made through Post Office Payment via a new Southwark Council Cost of Living Fund (SCCOLF).

4.2.2 Household Support Fund

- The Household Support Fund was announced in the autumn of 2021, to mitigate the impacts of the end of furlough, withdrawal of the £20 / week Universal Credit uplift, and an increase in the energy price cap. In Southwark, the national Household Support Fund grant was administered in two ways; to meet the cost of free school meals during school holidays and to provide direct support with energy costs for low-income households through a Southwark Energy Support Fund. Low-income households were identified through Council records (council tax and housing benefit) and by referral from the voluntary and community sector.
- The Household Support Fund was extended until the end of September 2022. Southwark will administer the extended grant this summer combining it with the discretionary Council Tax Rebates and additional funding from the Council to create the Southwark Council Cost of Living Fund. The fund is worth £4.7m and will meet the cost of free school meals during school holidays and provide direct support with energy costs for low-income households. More support will be provided to more households than last winter. For example, a low-income family paying energy bills for their home and with two children attending Southwark schools could receive more than £300 through SCCOLF this summer – in addition to the £150 council tax rebate.
- In May 2022 the Household Support Fund was further extended from October 2022 to the end of March 2023 as part of a package of new Government measures to tackle the cost of living crisis – and a forecast further rise in the statutory energy price cap from autumn this year. The Council is planning how to use the extended fund and will bring forward detailed proposals later in the summer.

5. What evidence is there that this will impact health and wellbeing?

- Over half (55%) of respondents to a YouGov poll in April 2022 felt that their health has been negatively affected by the rising cost of living²⁹.
- Impacts will both be felt immediately, with many already experiencing acute impacts for several months in addition to wider socio-economic challenges, and on a longer term scale.

5.1 Immediate impacts

5.1.1 Food insecurity

- Increasing cost of food will further increase the number of people living in food insecurity.
- In 2018, The Food Foundation estimated that the poorest decile of UK households would need to spend 74% of their after-housing disposable income on food to meet the cost of the Eatwell Guide compared to just 6% in the richest decile³⁰. With increasing food costs, it will become increasingly more difficult for those on lower incomes to afford to eat a healthy diet.

²⁹ <https://www.rcplondon.ac.uk/news/over-half-brits-say-their-health-has-worsened-due-rising-cost-living>

³⁰ https://foodfoundation.org.uk/sites/default/files/2021-10/Affordability-of-the-Eatwell-Guide_Final_Web-Version.pdf

- Over half (55%) of respondents to a YouGov poll in April 2022 felt that their health has been negatively affected by the rising cost of living³¹; over three quarters (78%) as a result of the rising cost of food.
- The Food Foundation reported a 57% increase in proportion of households cutting back on food or missing meals altogether, from Jan 2022 to April 2022³².
 - 12.8% of households have had smaller meals than usual or skipped meals because they couldn't afford or get access to food.
 - 8.8% of households have not eaten despite being hungry because they couldn't afford or get access to food.
 - 4.6% of households have not eaten for a whole day because they couldn't afford or get access to food.
 - For comparison, in the first two weeks of lockdown (March 2020), 14% had smaller meals than usual/ skipped meals, 6.2% were hungry but didn't eat and 2.9% had not eaten for a whole day. Two of three of these measures are higher now than they were in March 2020.
 - There is also a sharp increase in the proportion of households with children experiencing food insecurity in the past month at 17.2% up from 12.1% in January 2022.

5.1.2 Wellbeing and financial stress

- Around three in four (77%) respondents to an ONS survey in May 2022 reported feeling very or somewhat worried about the rising cost of living³³.
 - Half of adults (50%) who were worried about rising costs felt those worried nearly every day.
 - Those most likely to report feeling very or somewhat worried about the rising costs of living included women (81%, compared with 73% of men); those aged 30 to 49 years (82%) and 50 to 69 years (77%), compared with 70% of those aged 70 years and above; disabled people (82%, compared with 75% of non-disabled people); and those living with a dependent child aged 0 to 4 years (90%, compared with 76% of non-parents or parents not living with a dependent child).
 - Those who reported feeling very worried about the cost of living reported a poorer quality of life across well-being measures and overall health. This doesn't show causality related to impact of cost of living worries or vice versa.
- 16% of those impacted by the rising cost of living had been told by a doctor or health professional in the last year that stress caused by rising living costs had worsened their health³⁴.
- StepChange Debt Charity has seen a growing proportion of clients citing cost of living increase amongst their main reasons for debt³⁵.

5.1.3 Fuel poverty

- Cold homes can affect or exacerbate a range of health problems including respiratory problems, circulatory problems and increased risk of poor mental health. Estimates suggest that some 10% of excess winter deaths are directly attributable to fuel poverty and a fifth of excess winter deaths are attributable to the coldest quarter of homes^{36, 37}.
- Cold homes can also affect wider determinants of health, such as educational performance among children and young people, as well as work absences.

³¹ <https://www.rcplondon.ac.uk/news/over-half-brits-say-their-health-has-worsened-due-rising-cost-living>

³² <https://www.foodfoundation.org.uk/press-release/millions-adults-missing-meals-cost-living-crisis-bites>

³³ <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/worriesabouttherisingcostsoflivinggreatbritain/latest>

³⁴ <https://www.rcplondon.ac.uk/news/over-half-brits-say-their-health-has-worsened-due-rising-cost-living>

³⁵ <https://www.stepchange.org/media-centre/press-releases/april-debt-advice-data.aspx>

³⁶ Hills J. Getting the measure of fuel poverty: Final Report of the Fuel Poverty Review. London: 2012.

³⁷ <https://www.instituteofhealththequity.org/resources-reports/the-health-impacts-of-cold-homes-and-fuel-poverty/the-health-impacts-of-cold-homes-and-fuel-poverty.pdf>

- Children living in damp, mouldy homes are between 1.5 and 3 times more prone to coughing and wheezing – symptoms of asthma and other respiratory conditions – than children in dry homes³⁸.
- Over half (55%) of respondents to a YouGov poll in April 2022 felt that their health has been negatively affected by the rising cost of living³⁹; 84% as a result of rising heating costs.
- Anecdotal evidence of reduced use of fridges and ovens to reduce fuel costs will affect safe food preparation and consumption, and nutrition⁴⁰.
- Many people with a disability rely on electrical equipment at home such as hoists, beds, breathing equipment, powered chairs and monitors which cannot be cut back to save costs. Many also say they get cold more easily so spend more on heating bills.
 - Research in 2018 by Scope showed that over a third of disabled adults say their impairment or condition has a significant effect on their energy bills, with over half of adults worried about paying their energy bills⁴¹.

5.1.4 Transport poverty

- TfL costs increased by an average of 5% from March 2022⁴² whilst national rail has increased by 4%⁴³. Fuel for cars has increased by a third (33%) in the year to May 2022.
- Spending on transport may be affected by rising costs in other areas, regardless of the rise in costs in transport itself.
- Rising cost of fuel for cars will most impact those who need to drive to work or caring responsibilities because active travel/ public transport/ car sharing is not an option.
- Reduced access to transport can affect access to employment, education, healthcare, shops including essentials, with both immediate and longer term impacts on health and wellbeing.

5.1.5 Housing instability

- Housing affordability is frequently cited as an issue for people experiencing mental ill health⁴⁴.
- Increased costs will reduce affordability of housing. Whilst those who live in social rented housing will not see an increase in rent, rising costs on food and fuel may lead to rent arrears. People in private rented housing may see an increase in rent, particularly if rent includes utility bills.
- This will have a knock-on effect on housing stability.

5.2 Medium- long term impacts

- The cost of living crisis has added additional pressure to many who already experience health impacts as a result of low income, and live in more deprived areas of Southwark.
- Chronic stress can lead to poor physical and mental health.

5.2.1 Extended lack of access to essentials

- Extended periods of low nutrition as a result of food insecurity can lead to unhealthy weight, including obesity as a result of calorie-rich nutrient-poor food being more accessible to lower budgets.

³⁸ 5 Strachan D (1991) Damp housing, mould allergy, and childhood asthma. Proceedings of the Royal College of Physicians in Edinburgh, 1, pp.140–146.

³⁹ <https://www.rcplondon.ac.uk/news/over-half-brits-say-their-health-has-worsened-due-rising-cost-living>

⁴⁰ <https://metro.co.uk/2022/05/19/families-switch-off-ovens-and-turn-to-tins-and-ready-meals-to-survive-16674477/>

⁴¹ <https://www.scope.org.uk/campaigns/extra-costs/out-in-the-cold/>

⁴² <https://tfl.gov.uk/campaign/new-fares>

⁴³ <https://www.gov.uk/government/news/rail-fares-capped-to-prevent-high-increases-for-passengers#:~:text=Government%20caps%20rail%20fare%20increases,tickets%20at%20the%20existing%20rate.&text=Next%20year's%20rail%20fare%20rise,retail%20price%20inflation%20of%207.1%25.>

⁴⁴ Shelter (2017) The impact of housing problems on mental health. London; Tsai, A. C. (2015) Home Foreclosure, Health, and Mental Health. Plos One

5.2.2 Coping behaviours

- Financial stress and a feeling of lack of control over one's life can lead to unhealthy coping behaviours including gambling, drinking too much alcohol, smoking or substance misuse. These behaviours can also cause or exacerbate financial stress.

5.2.3 Worsening housing conditions

- Reduced housing affordability can lead to tenants being forced to tolerate poorer quality housing conditions. Issues such as overcrowding, dampness and mould and trip/fall hazards can have detrimental impacts on physical and mental health.

5.2.4 Risk of economic recession

- There have been predictions that the UK is at risk of entering an economic recession. Research shows that economic recession and mediators such as unemployment, income decline and unmanageable debts are significantly associated with poor mental wellbeing, increased rates of common mental disorders, substance-related disorders, and suicidal behaviours⁴⁵.

⁴⁵ Frasquilho, D., Matos, M., Salonna, F. *et al.* Mental health outcomes in times of economic recession: a systematic literature review. *BMC Public Health* **16**, 115 (2015). <https://doi.org/10.1186/s12889-016-2720-y>