

Cost of Living Crisis Impact on Mental Health & Wellbeing

Public Health Division

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Energy prices will increase by 96% this winter, with average household seeing 64% increase after £400 energy rebate

BACKGROUND

Energy, food and transport are main drivers of rising inflation, but harder for households to cut back on. Government support to limit this will help to reduce extent of rise but will still leave many struggling to meet increasing costs across multiple areas.

- In the year to October 2022 there has been significant inflation in energy, transport and food.

Gas Prices	Electricity Prices	Food Prices
↑ 129%	↑ 66%	↑ 16%

- 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.
- Blanket government measures of £400 energy rebate and the new Energy Price Guarantee will help reduce the sharp increase in fuel costs. Households will still have a 27% increase in energy costs from 1 October, after a 54% increase in April, equivalent to 96% increase on previous year. Once the £400 energy rebate is applied, the average household will have a 64% increase.
- There are additional government measures in place to support people who receive means-tested benefits, disability benefits, pension credit. The extent these help to cover additional costs will be affected by individual circumstances – caring, disability, number of dependants.

Peoples mental and physical health will suffer due to impacts on other things

LINK BETWEEN IMPACTS OF CRISIS AND MENTAL HEALTH

The rising cost of living can significantly affect mental health. Those on low incomes are likely to experience both a larger number and greater impacts, putting their mental health at greater risk.

Impact	Evidence	Impact on mental health
Food insecurity and lack of nutrition	<ul style="list-style-type: none"> ▪With increasing food costs, it will become increasingly difficult to afford a healthy diet for those on lower incomes. ▪The rising cost of food has led to an increase in people reporting that they are cutting back on meals or missing food altogether. ▪GLA research in September showed that those who reported financially struggling were twice as likely to report buying less food and essentials to manage costs (70% vs 35%). 	<ul style="list-style-type: none"> ▪Food insecurity can cause stigma and social isolation ▪Research in North West of England showed higher physical and mental distress among people who had experienced limited access to food over the previous year
Transport poverty	<ul style="list-style-type: none"> ▪Costs of fuel rising more sharply than Transport for London prices, so will affect residents differently. ▪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. 	Not being able to use transport to attend appointments or socialise can lead to feelings of loneliness and isolation

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Fuel poverty	<ul style="list-style-type: none"> Results from the 2019 Survey for Londoners showed 15% of Southwark respondents reported they could not keep their homes warm enough. The Institute for Health Equity have reported that 10% of excess winter deaths are directly related to fuel poverty in England, and 22% are related to cold homes. 	<ul style="list-style-type: none"> Cold homes can cause and worsen poor mental health, in addition to physical health problems One in four (28%) young people living in cold homes were found to have four or more negative mental health symptoms, compared with 4% of young people who had always lived in warm homes
Debt and financial stress	<ul style="list-style-type: none"> More than a third (34%) of those on UC who have fallen into debt in the three months to August because they couldn't afford to keep up with essential bills 	<ul style="list-style-type: none"> Debt problems can lead to poor mental and physical health, and stress around finances can make managing debt more difficult Financial difficulties and problem debt are associated with suicidal thoughts and dying by suicide

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Housing instability	<ul style="list-style-type: none">▪ Crisis estimated in February 2022 that homelessness in England could increase by a third to 66,000 people as a result of the increasing cost of living and the end of COVID-19 eviction bans▪ In London, average private rents for new tenancies have risen by 14% in the period to July 2022	<ul style="list-style-type: none">▪ Living somewhere insecure or overcrowded can cause stress or anxiety related to the cost of housing or members of the household▪ Housing problems can impact sleep which can lead to mental health problems and make existing ones harder to cope with

People with mental health conditions experience poorer health and wellbeing, which will be impacted by the crisis

IMPACTS ON PEOPLE WITH MENTAL HEALTH CONDITIONS

One population group who must be focused on as part of the response to the cost of living crisis is people with a mental health condition.

- Financial security and mental health can affect each other:
 - Suffering financial losses or living in poverty can worsen mental health
 - People with mental health conditions may end up in poverty or suffer financial loss because of their illness e.g. not able to work

Impacts of previous financial crises on people with mental health conditions

- In England, the 2008 economic recession was associated with increased male suicide in the general population and among people with existing mental health problems. Middle-aged men were found to be most at risk.
- 44% of adults with mental health problems in the UK who fell behind on bills either considered or attempted suicide during the COVID-19 pandemic.

Evidence of disproportionate risk for people with mental health conditions

- Housing affordability is frequently cited as an issue for people experiencing mental ill health.
 - People with mental health conditions are also more likely to live in rented and poor-quality housing than the general population, which can exacerbate existing issues.
- Adults with mental ill health are disproportionately affected by food insecurity.
 - The Trussell Trust reports that mental ill-health is a concern reported by food banks, with on average, 38% of people accessing them having mental ill-health

Children and young people will be stressed and worried, and poverty known to be bad for mental health

IMPACTS OF CRISIS ON CHILDREN AND YOUNG PEOPLES'S MENTAL HEALTH

The cost of living crisis will increase the number of children living in poverty and the severity of conditions for those who already are. Increased stress and anxiety in the household related to the cost of living will impact children's mental health.

YoungMinds national research in August showed:

- Cost of living was the **major worry for over half (56%) of young people**, who reported disruption to daily life, particularly diet and sleep
- 1 in 5 (21%) 11 year olds said money worries had cause them stress, anxiety, unhappiness or anger

Kings Maudsley Partnership for Children and Young People's Mental Health national research for parents of children aged 5-17 years old in September showed:

- One in three **(34%) parents think the rising cost of living could affect the mental health of their children a great deal**
- Seven in ten (72%) parents say it could affect it at least a little over the coming months
- A third (33%) of parents feel their child is currently experiencing mental health difficulties, with the most **common symptom or behaviour as anxiety** (68% of those with mental health difficulties) with those noticing depression or low mood episodes much lower (37%)

Childhood Trust national survey of parents with children aged under 18 in May showed:

- One in three **(34%) parents said their children have raised concerns about the cost of living crisis**
- Of those who said that their child had raised concerns: 30% said their children felt stressed, 17% said their child had started self harming – represents just under 6% of all parents surveyed.

The rising cost of essential goods is expected to affect low-income households disproportionately

HOW WILL THIS AFFECT SOUTHWARK RESIDENTS?

Whilst everyone will experience rising costs of essential goods, low-income households have less flexibility in their personal finances to absorb the extra costs.

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/ just about managing in September 2022 (63% vs 53% total).

Cost of Living Profile

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

Who will be most affected by cost of living crisis?

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- 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 September 2022 (36% vs 20% total).

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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

- In September, half (48%) of Londoners were very worried about increasing living costs, and additional third (35%) fairly worried
- 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 is often an issue for people experiencing mental ill health
- Average private rent for new tenancies increased by 14% to July



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

Find out more at
southwark.gov.uk/publichealth

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