

Cost of Living Crisis Data

Annex 1 CMT paper

July 2022

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What front line services & voluntary sector are seeing



Clients deficit budgets have increased during 2022 by 63%. Average of £577

Clients are directly requesting cash and grants from our organisation which they were not doing before

Growing importance of wellbeing, stress, fear

In work poverty - people in work are embarrassed to stand in a food bank queue but cant afford to go to a supermarket

Finding people can't access service for childcare meaning many adults are unable to participate in learning opportunities

Benefit cap adversely affects large families as stops after 2nd / 3rd child

Travel costs are preventing people from going to work, interviews etc

Mental health challenges increasing - used to be relatively rare but part of the parcel now

Increased on-line scams e.g. around the council tax £150 payment with calls coming saying that they are the council and want bank details to confirm receipt

Increased concern about paying for the most important bills

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People at the Heart
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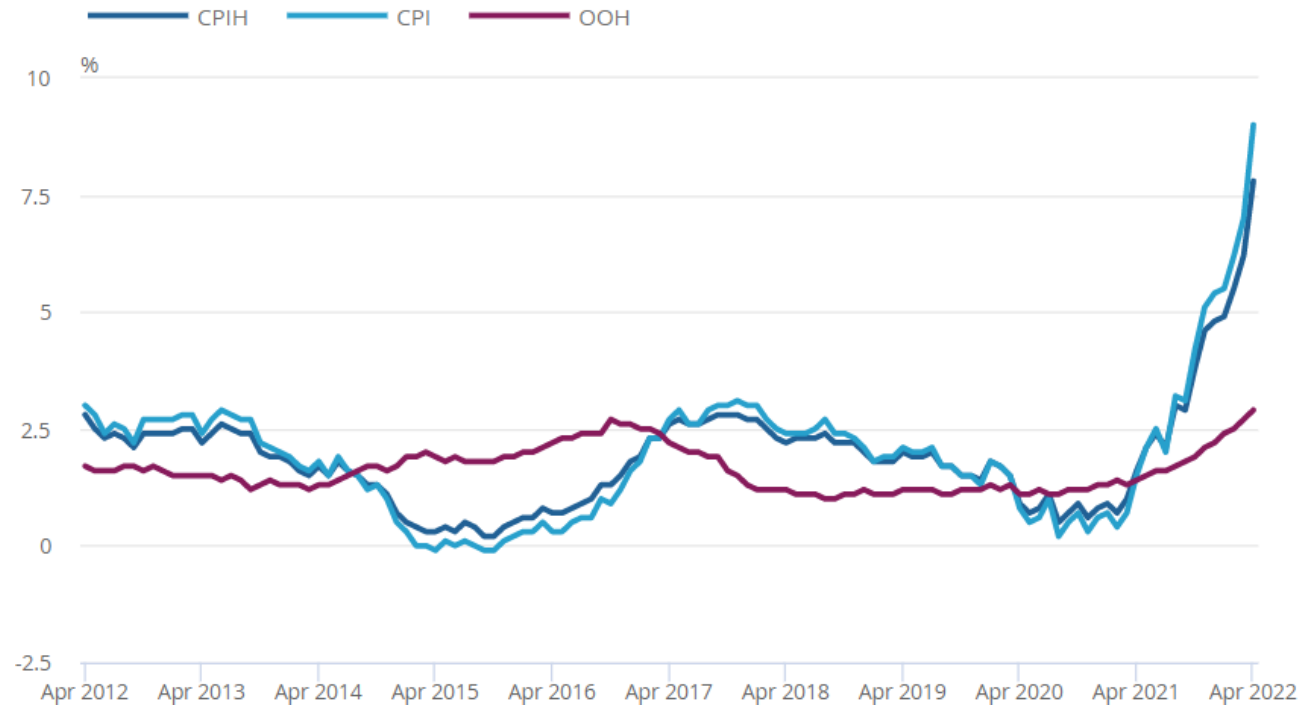
Inflationary cost pressures

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.8% in the 12 months to April 2022, up from 6.2% in March. Increases were principally driven by housing (gas & electricity) and fuel costs.

On a monthly basis, CPIH rose by 2.1% in April 2022, compared with a rise of 0.7% in April 2021. These are the highest increases on record.

The Bank of England has warned inflation might reach 10% within months, as the prices of motor fuel and food put pressure on household budgets.

Source: ONS



What is currently driving inflation?

Household energy bills are the biggest contributor to inflation at present, as oil and gas prices remain at elevated levels in part due to the Ukraine war.

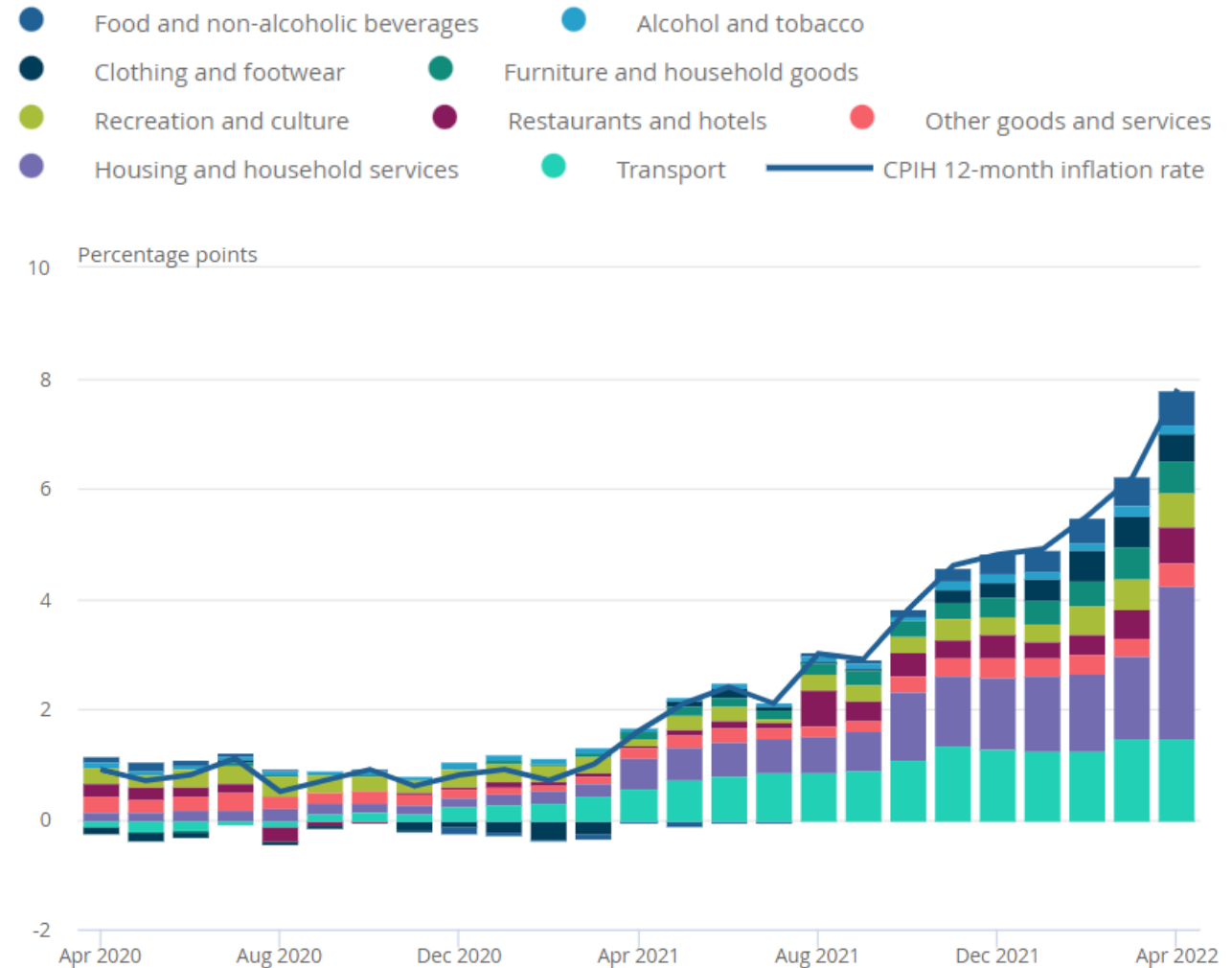
After a rise in the UK's energy price cap last month, average gas and electricity prices jumped by 53.5% and 95.5% respectively compared with a year ago.

Further increases are likely later in the year when the Ofgem price cap can rise again.

Motor fuel prices are the highest on record, with average petrol prices now around £2.00 per litre in April 2022 versus £1.25 a year earlier.

Source: ONS

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What is currently driving household inflation?

Household energy bills are the biggest contributor to inflation at present.

The Ofgem energy price caps limit the price energy suppliers can charge the estimated 15 million households that either use a prepayment meter or are on the "standard variable" energy (or default) tariff.

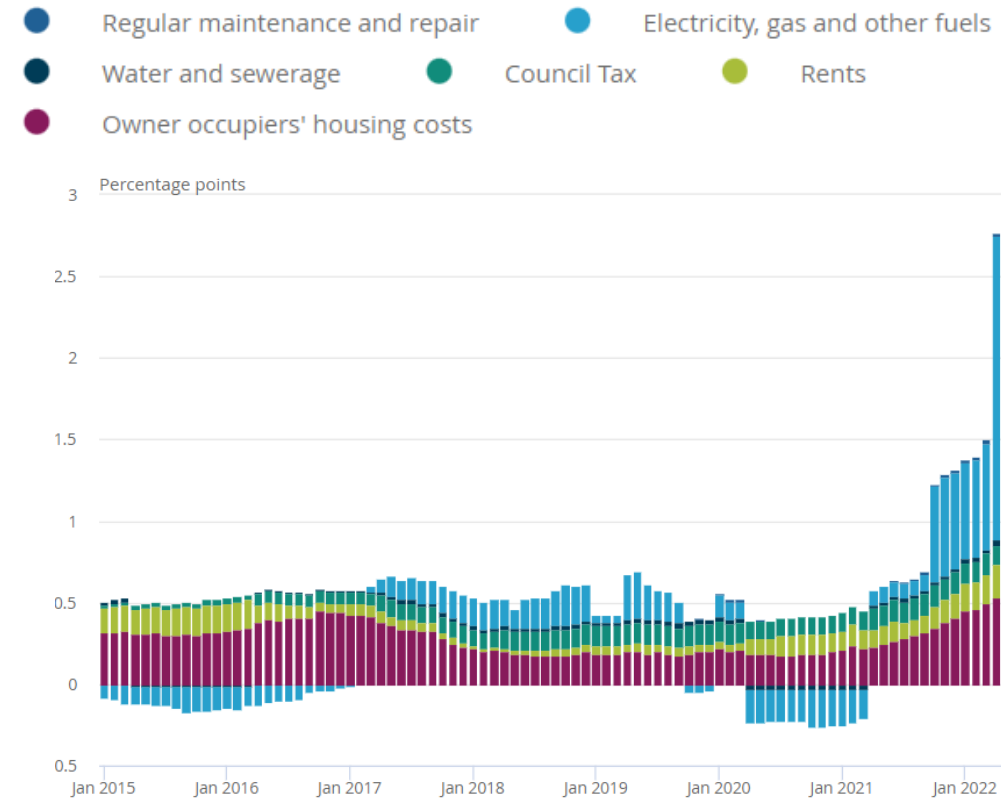
The energy price cap is updated twice a year, in April and October. On 3 February, Ofgem announced the cap levels for the period 1 April to 30 Sept 2022.

Those on default tariffs paying by direct debit saw an increase of £693 from £1,277 to £1,971 per year. Prepayment customers will see an increase of £708 from £1,309 to £2,017.

The increase is driven by a record rise in global gas prices over the last six months, with wholesale prices quadrupling in the last year. The rise resulted in 12-month inflation rates of 53.5% for electricity and 95.5% for gas, compared with rates of 19.2% and 28.3% respectively in the previous month.

Source: ONS

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What are the impacts of inflation?

- **In April, the bottom 10% of the population in terms of income faced an inflation rate of 10.9%**, 3% points higher than the inflation rate of the richest 10%.*
- **Poorest households are hit the hardest** as they spend most of their total budget on gas and electricity spending on average 11% of their total household budget on gas and electricity, compared to 4% for the richest households. Food items such as pasta that make up a larger proportion of low income households' food consumption have seen the greatest price increases.
- An ONS survey** of Nov 2021-March 2022 found that **9 in 10 adults reported an increase in their cost of living over the previous month in March 2022**, an increase of 25% compared with 6 in 10 in Nov 2021.
- **Nearly a quarter (23%) of adults reported that it was very difficult or difficult to pay their usual household bills in the last month, compared with a year ago, in March 2022** (16 to 27 March 2022); an increase from 17% in November 2021 (3 to 14 November 2021).

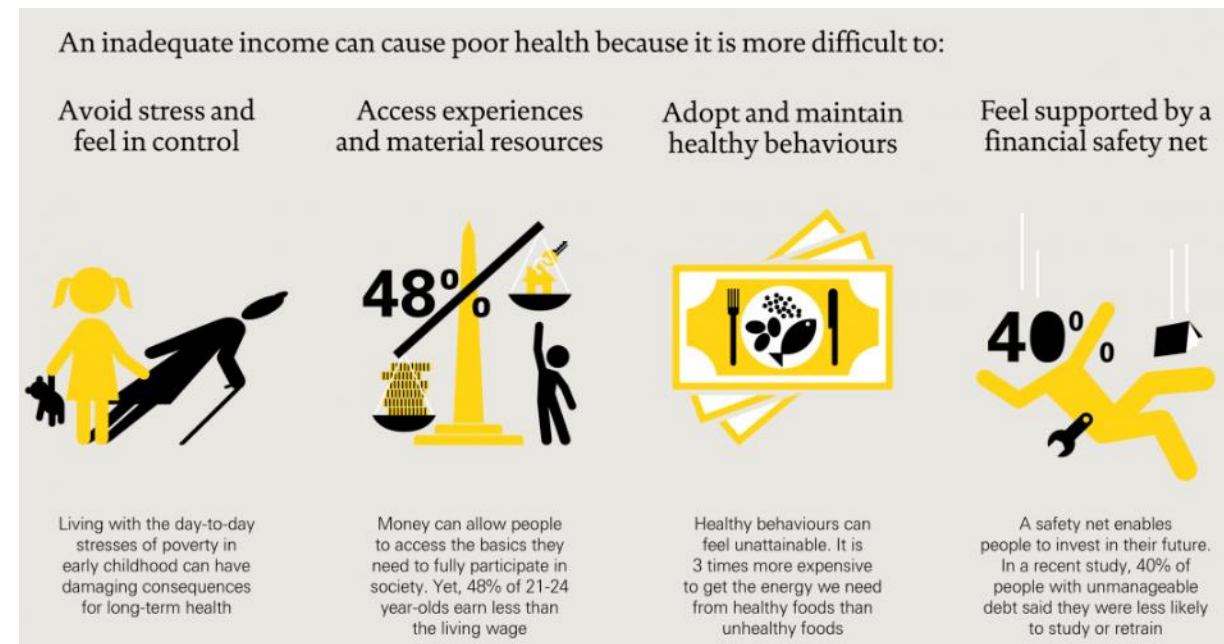
*<https://ifs.org.uk/publications/16058>

**<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/articles/therisingcostoflivinganditsimpactonindividualsingreatbritain/november2021tomarch2022#main-points>

What are the health impacts of inflation?

- Fuel poverty: can affect long term health outcomes and contribute to health inequalities with adverse effects on health and wellbeing, either due to the cold homes and conditions that fuel poverty forces people to live in, or through the financial stress and burden it creates. It increases the risk of health conditions such as asthma, other respiratory conditions, cardiovascular illnesses, and mental health problems
- Food affordability: where food becomes less affordable there is a risk that diets become higher in saturated fats and sugars. These contribute to obesity, cardio-vascular diseases, diabetes, cancers and lack of mental well-being. Ultra processed foods are also associated with a range of health conditions
- Reducing income effects health in a variety of ways summarised below:
 - Secure housing
 - Participation in society
 - Meaningful employment
 - Reduced choice and opportunity
 - More difficult to maintain healthy behaviours

Source: Joseph Rowntree Foundation



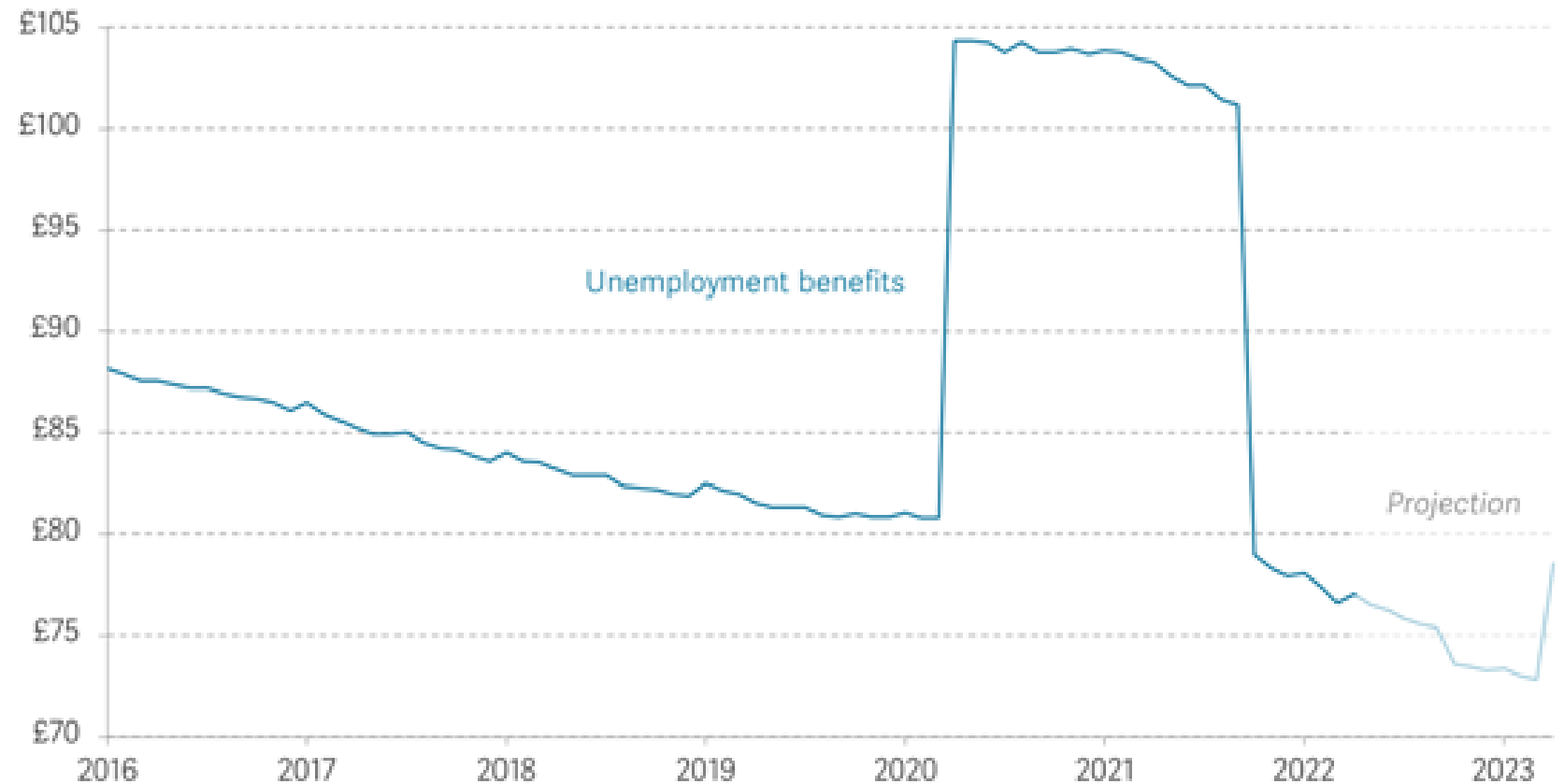
The value of income is falling

Figures from the ONS show that wages, excluding bonuses, rose by 4.2% between January and March. But after taking inflation into account, regular pay actually fell by 1.2% compared to 12 months ago.

This graph shows how far the value of unemployment benefits is likely to fall before next year's uprating.

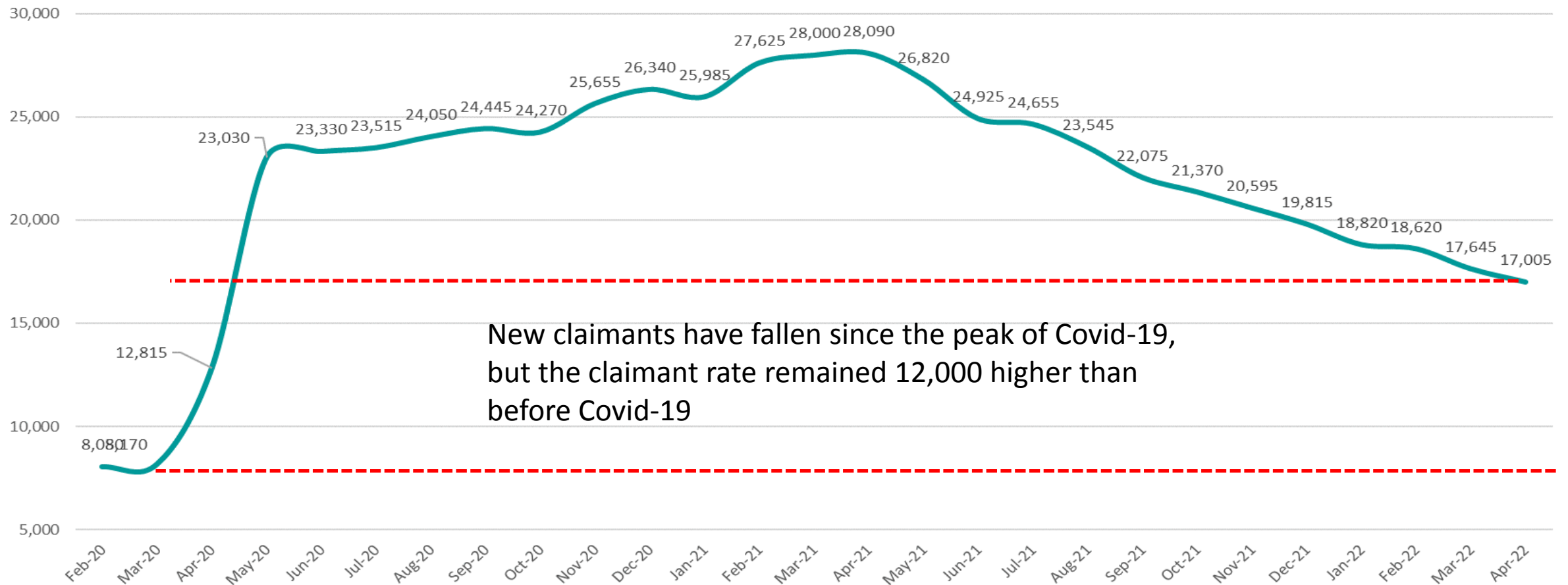
Source: ONS

Real value of weekly unemployment benefits, outturn and projection: UK



Universal credit new claimant counts (Feb 2020 to April 2022)

The claimant count is a measure of the number of people claiming benefits principally for the reason of being unemployed, based on administrative data from the benefits system.



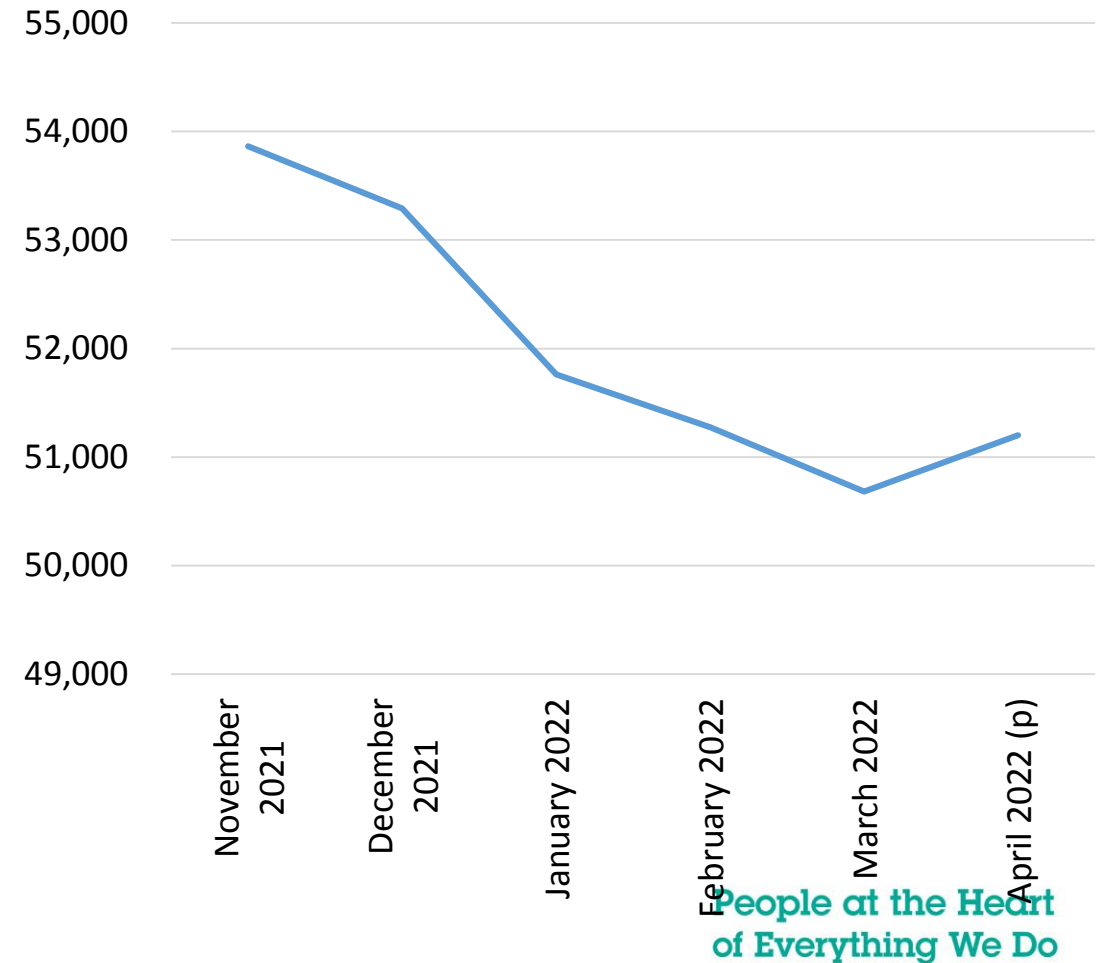
New claimants have fallen since the peak of Covid-19, but the claimant rate remained 12,000 higher than before Covid-19

Universal Credit uptake in Newham is now increasing again since the peak of the Covid-19 pandemic

- Number of people in Newham receiving universal credit increased from 50,674 to 51,119 between Mar and Apr 2022. This is the first increase since May 2021.
- Most of this increase is driven by people who are already working and who have no work requirements.

| Universal Credit conditionality | March 2022 | April 2022* | % change Mar-Apr 22 |
|---------------------------------|--------------|--------------|---------------------|
| Searching for work | 16940 | 16364 | -3.4% |
| Working – with requirements | 11899 | 11758 | -1.2% |
| No work requirements | 8332 | 8710 | 4.5% |
| Working – no requirements | 10776 | 11611 | 7.7% |
| Planning for work | 1088 | 1097 | 0.8% |
| Preparing for work | 1639 | 1659 | 1.2% |
| Total | 50674 | 51199 | 1.0% |

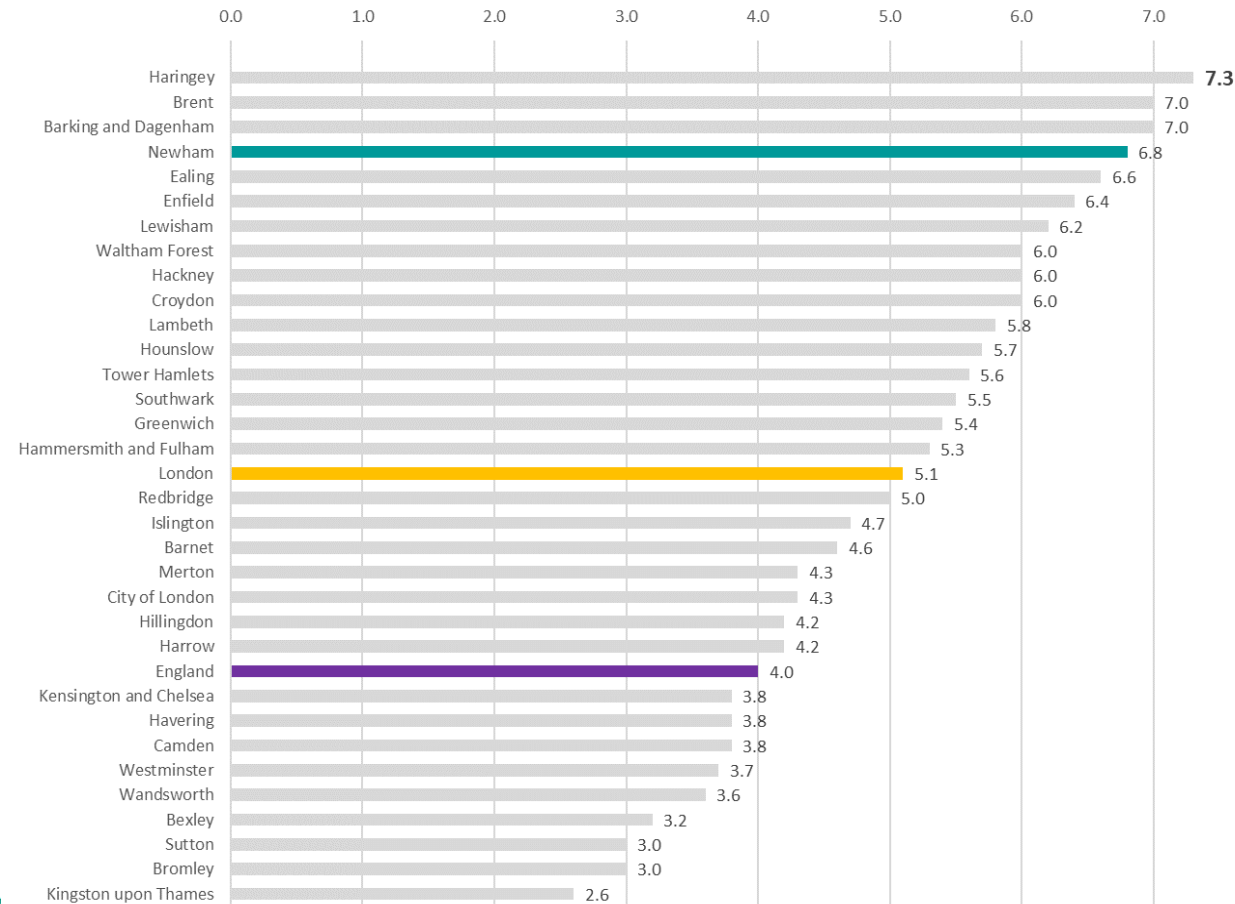
Number of people in Newham on UC



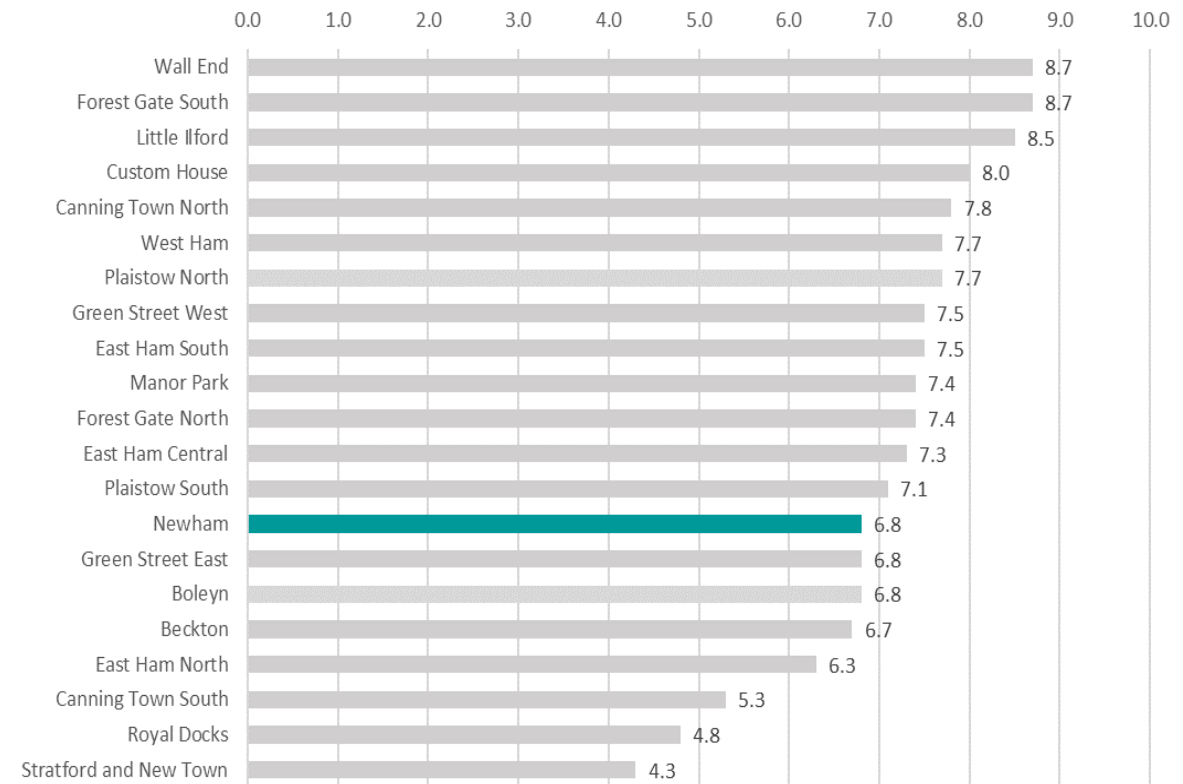
Claimant counts & rates: Newham had the 4th highest rate in London; Stratford had the lowest claimant rate in the borough (April 2022)



Claimant rates London borough & London, England averages



Claimant rates Newham wards and Newham average

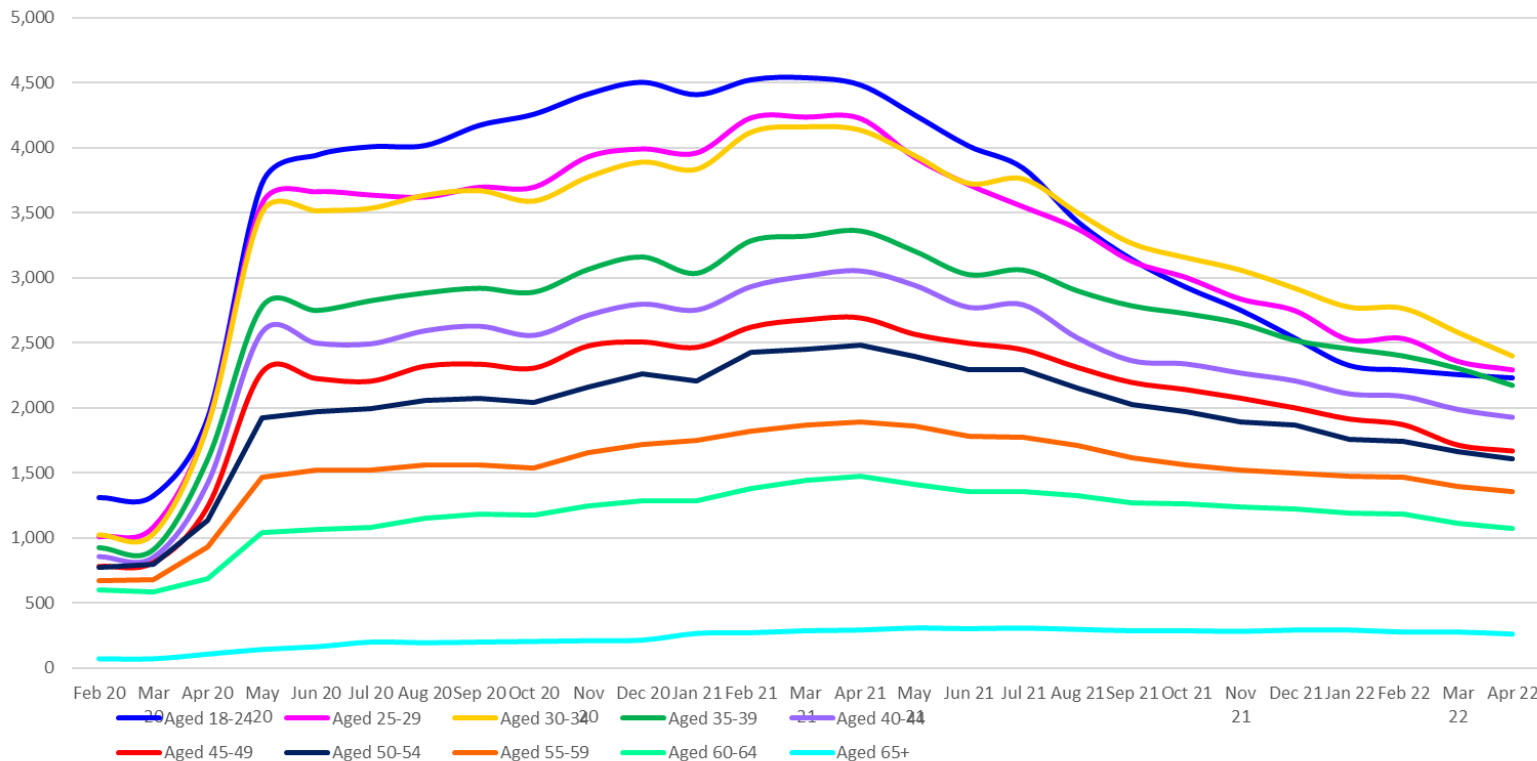


Newham — London average — England average —

Newham Claimant counts by age (Feb 2020 to April 2022)



Newham claimant count Feb 2020 to April 2022 by age bands



| Age band/month | Feb 20 | Apr 22 | Difference Feb 20 to April 22 | Feb 20 to Apr 22 % change |
|----------------|--------|--------|-------------------------------|---------------------------|
| Aged 18-24 | 1,310 | 2,230 | 920 | 70 |
| Aged 25-29 | 1,010 | 2,295 | 1,285 | 127 |
| Aged 30-34 | 1,025 | 2,400 | 1,375 | 134 |
| Aged 35-39 | 930 | 2,175 | 1,245 | 134 |
| Aged 40-44 | 855 | 1,925 | 1,070 | 125 |
| Aged 45-49 | 785 | 1,670 | 885 | 113 |
| Aged 50-54 | 775 | 1,610 | 835 | 108 |
| Aged 55-59 | 675 | 1,355 | 680 | 101 |
| Aged 60-64 | 600 | 1,075 | 475 | 79 |
| Aged 65+ | 75 | 260 | 185 | 247 |

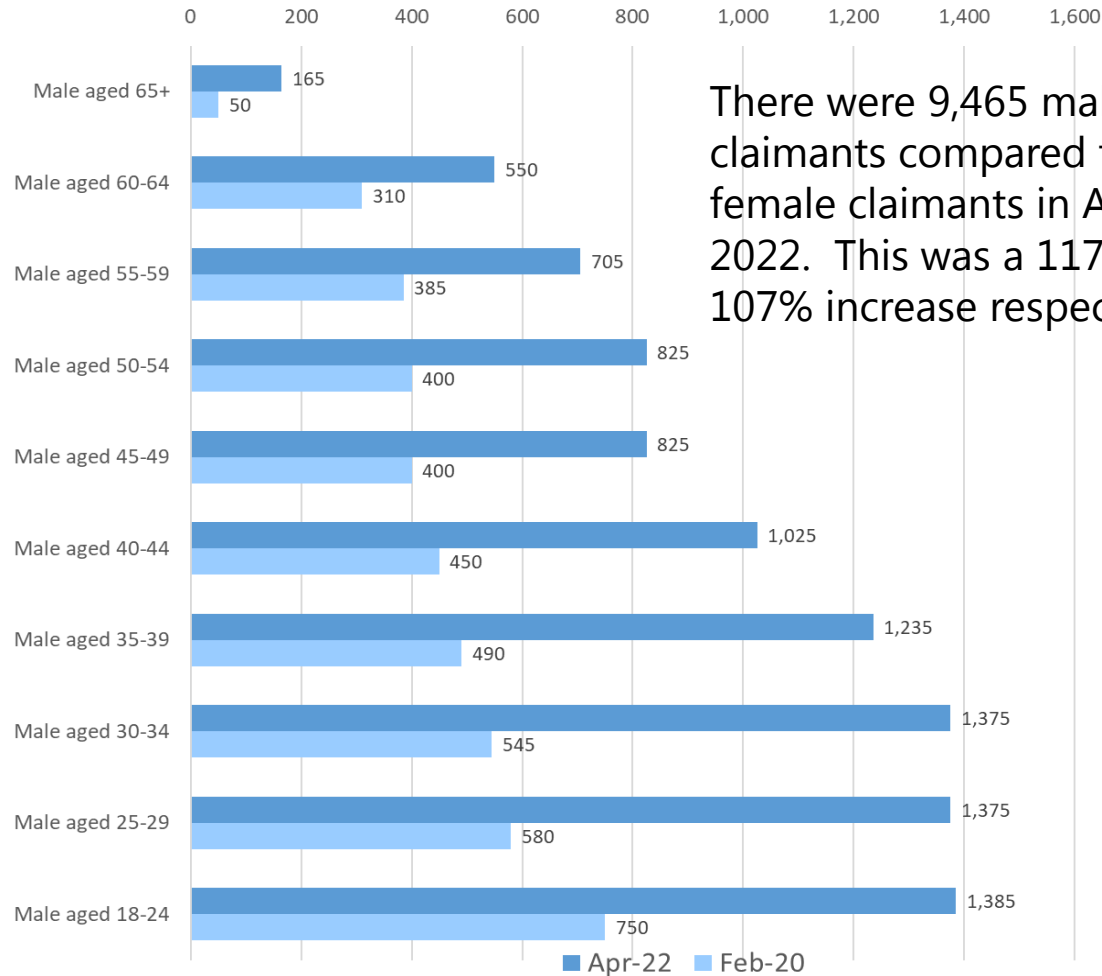
The number of older aged claimants rose and fell more slowly than the youngest groups.

Claimants aged 18 to 24 years formed the largest component during the first Covid-19 lockdown.

Newham Claimant counts by sex (Feb 2020 & April 2022)

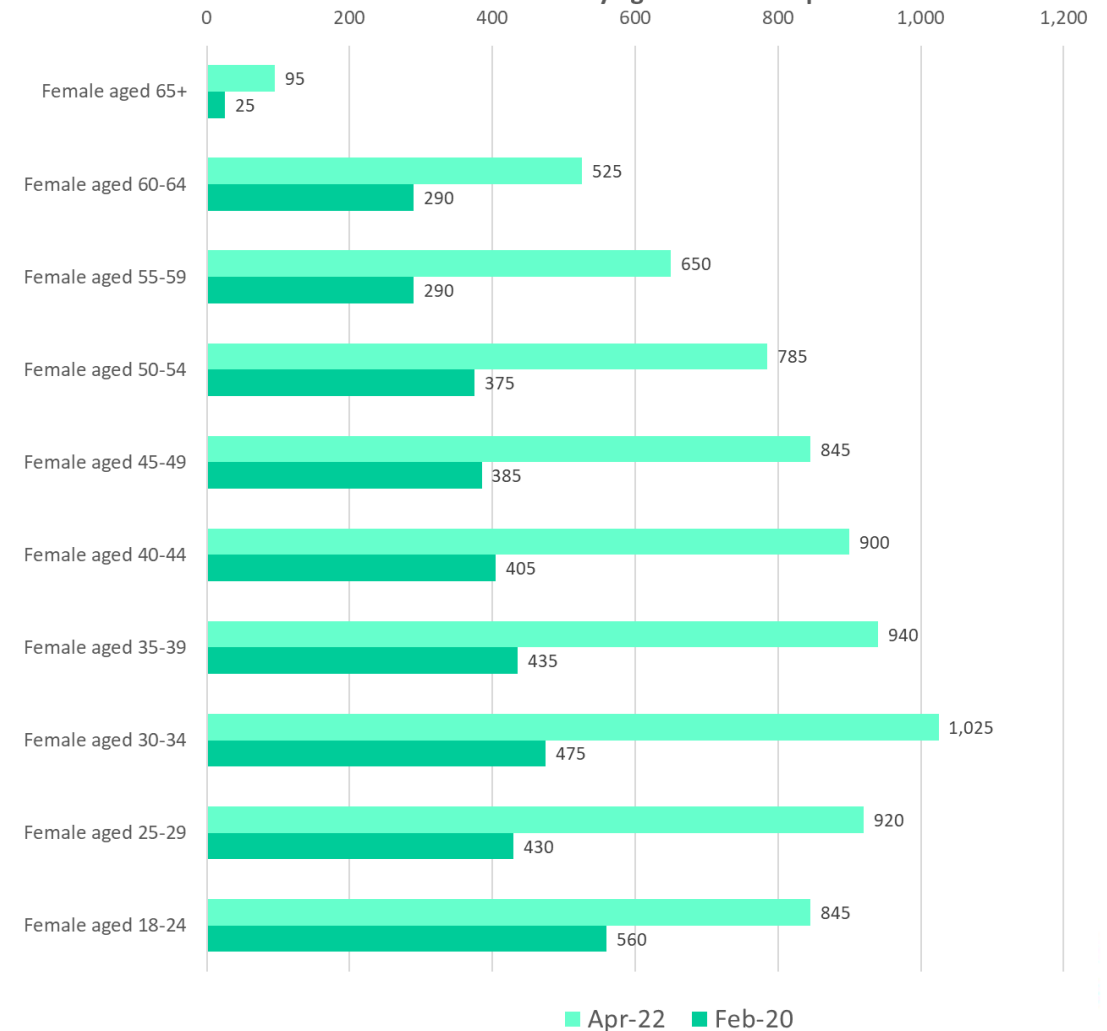


Number of male claimant by age - Feb 20 & Apr 22



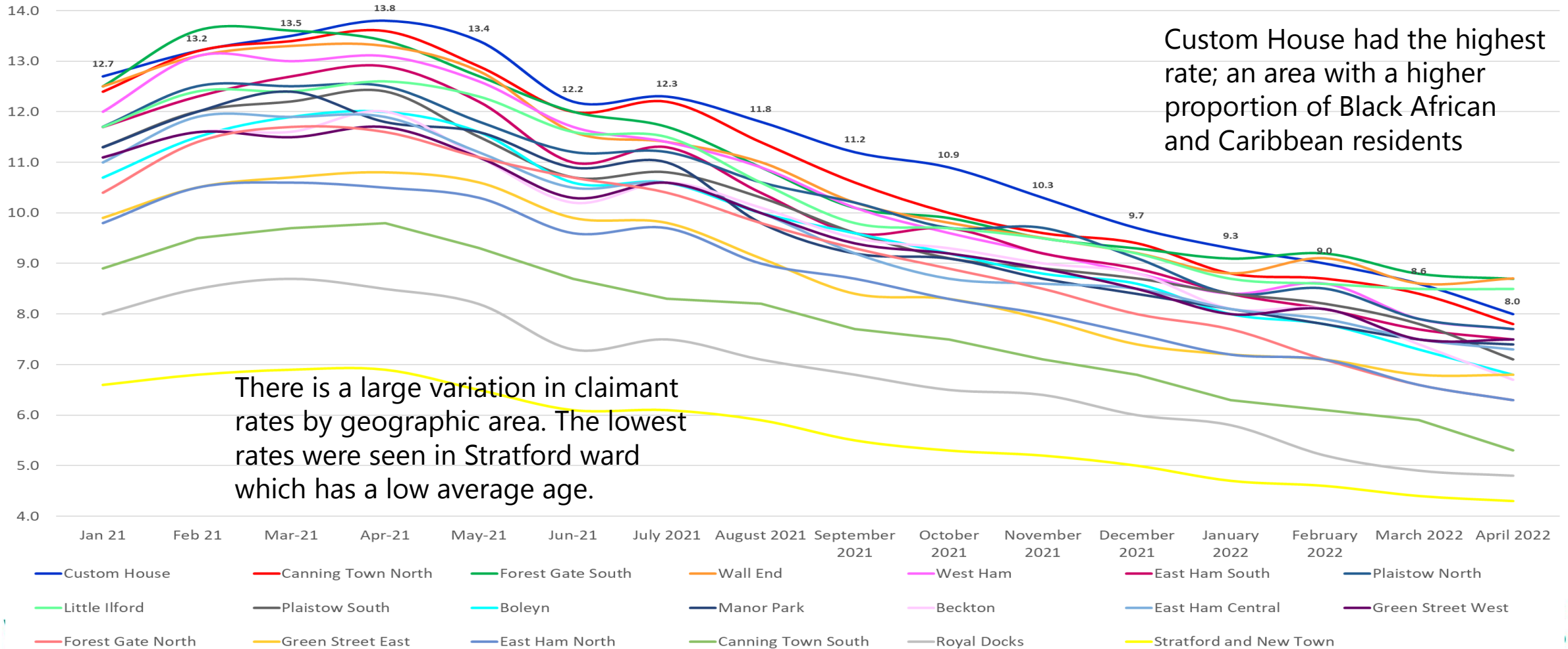
There were 9,465 male claimants compared to 7,530 female claimants in Apr 2022. This was a 117% and 107% increase respectively

Number of female claimant by age - Feb 20 & Apr 22



Newham ward claimant rates (Jan 2021 to April 2022)

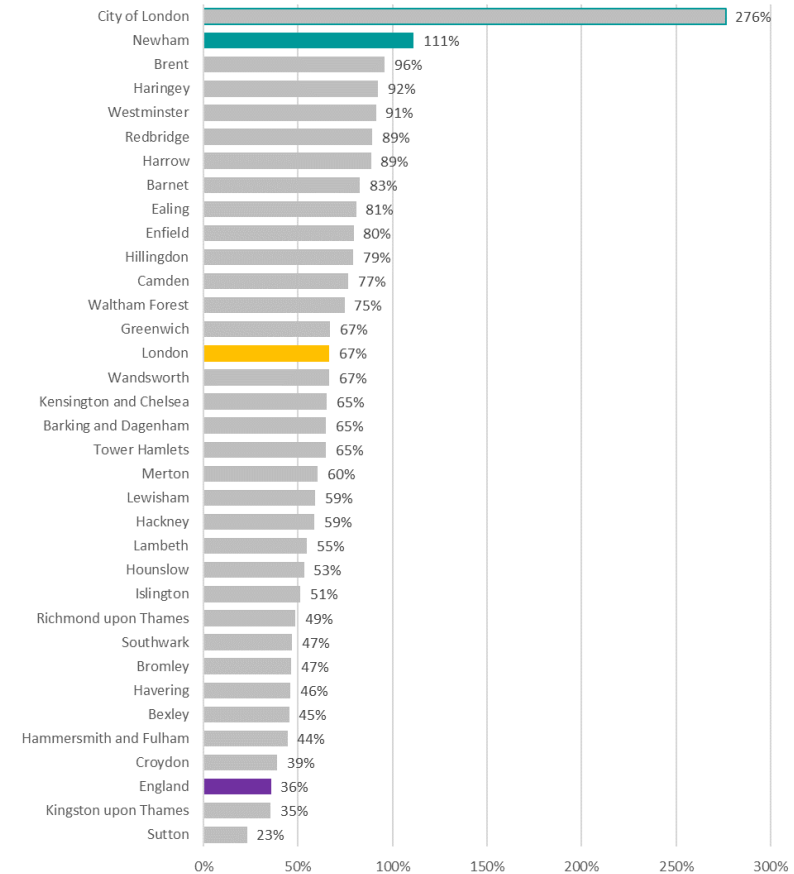
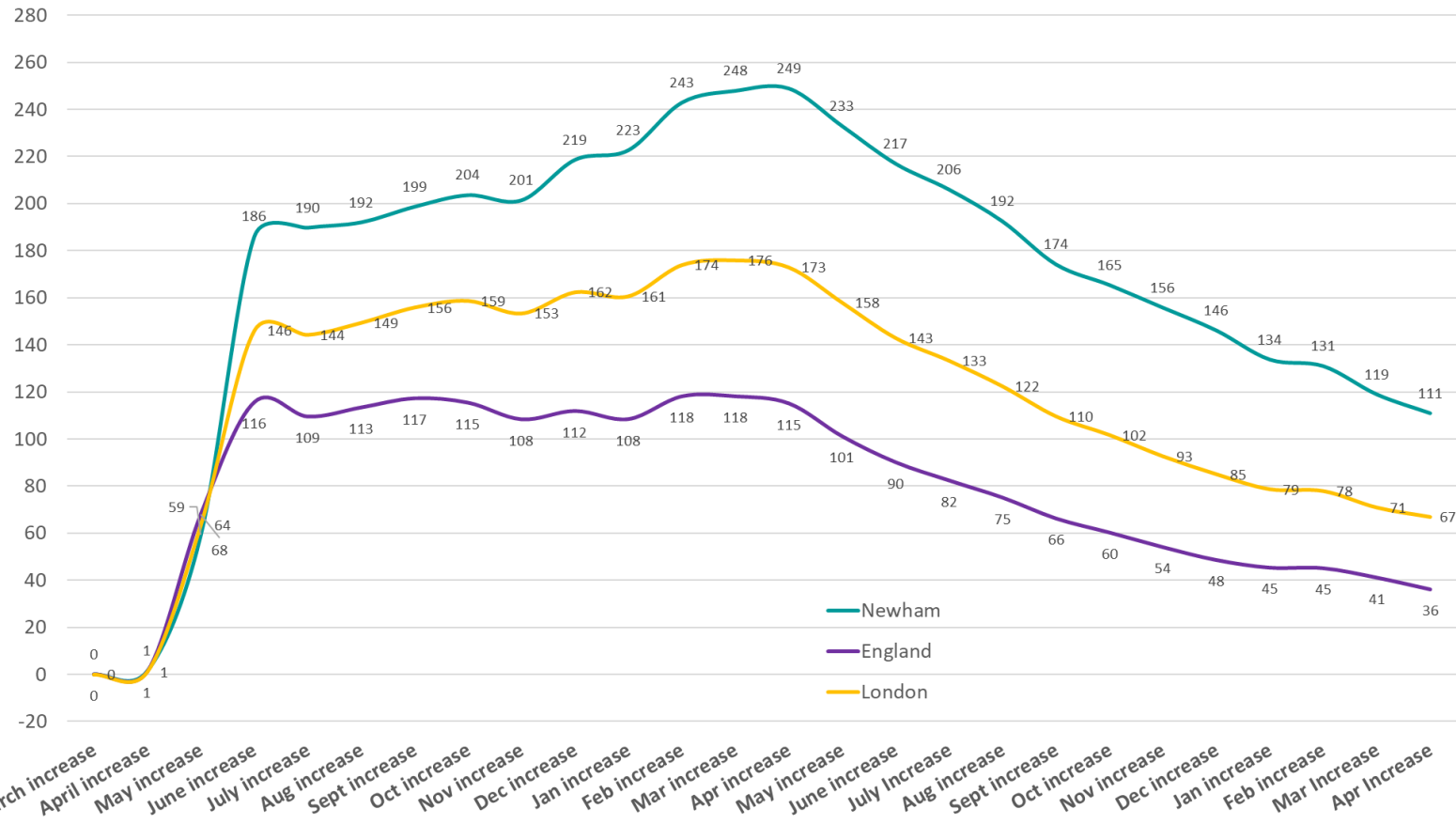
Claimant counts by Newham wards January 2021 to April 2022



In terms of claimant count change, Newham has seen the greatest increase in the number of claimants in London

% change in number of claimants February 20 to April 22

Claimant count change over the pandemic period - All London borough, London and England averages



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Newham has one of the highest rates of fuel poverty in England, with nearly a fifth of households affected in 2020, prior to the current crisis.

More than 17,000 households were unable to afford to heat and light their homes properly (Newham 16% cf. London 11%). The large rises in heating costs seen recently will have placed a large additional number of households into fuel poverty in Newham.

Who is most at risk?

- Homes with low energy efficiency ratings
- Living in rented accommodation, with the private rented sector seeing the highest proportion of tenants in fuel poverty
- Unemployed or part-time employed head of household
- Long-term illness or disability
- Pre-payment meters and standard variable energy tariffs
- Lone parent or pensioner households

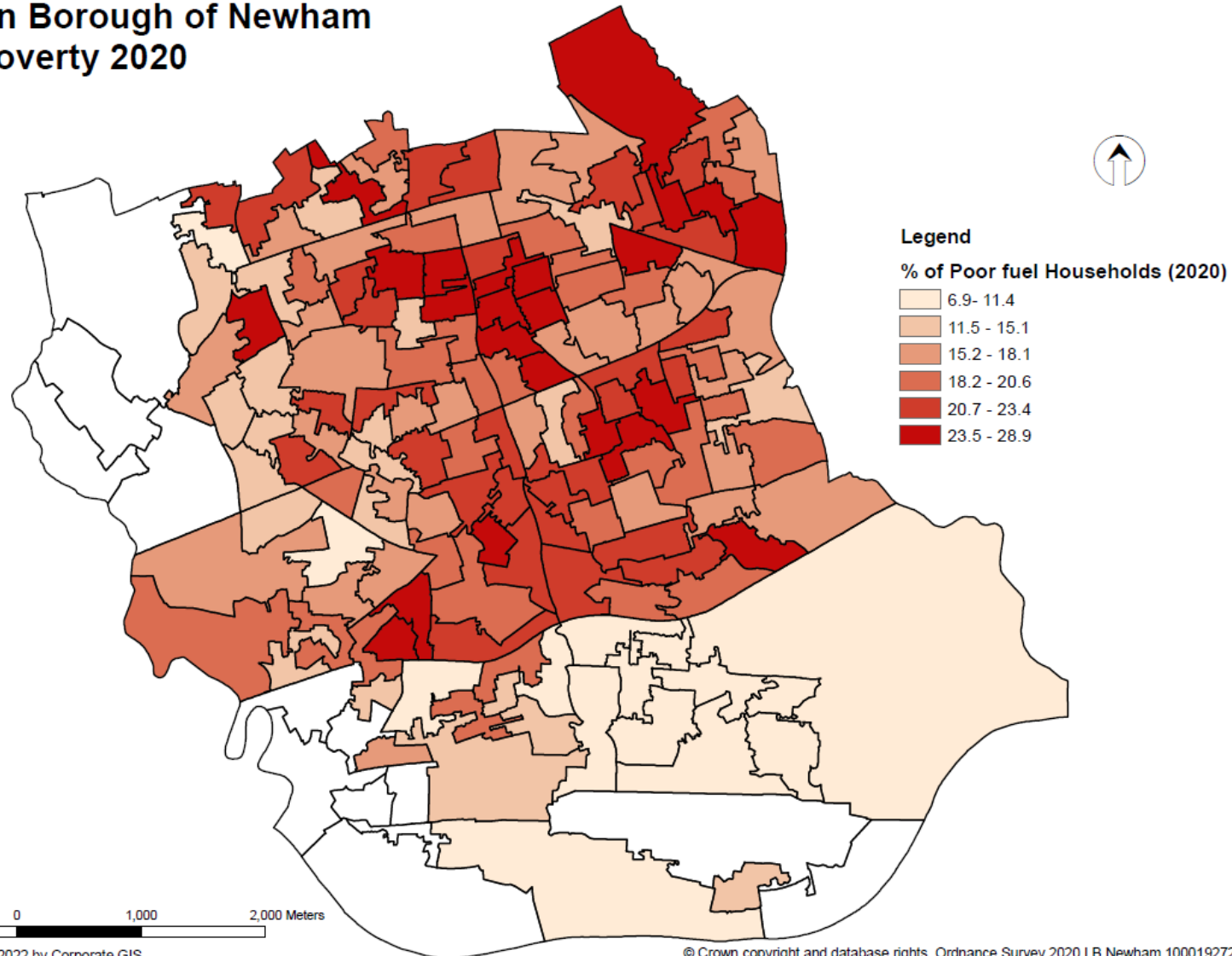
Source: Department for Business Energy & Industrial Strategy Fuel Poverty sub-regional statistics, <https://www.gov.uk/government/statistics/sub-regional-fuel-poverty-data-2020>

“Today’s energy price cap rise will see the number of households experiencing fuel stress double to five million. With the price cap is expected to rise sharply again on 1 October, a further 2.5 million households could fall into fuel stress this autumn, unless more support is provided.”

Jonathan Marshall, Senior Economist at the Resolution Foundation

Fuel poverty in Newham

London Borough of Newham Fuel Poverty 2020



In 2020 fuel poverty effected 16% of households in Newham and tended to be concentrated in the north east of the borough.

Almost one third of homes in some small areas (LSOAs) experienced fuel poverty.

There will have been large increases in the number of households now in fuel poverty. The median household income in Newham was estimated to be £24,600 in 2019-20 so further rises in domestic heating costs may see the majority of households in fuel poverty.

Source:

<https://www.gov.uk/government/statistics/sub-regional-fuel-poverty-2022>

Estimated fuel costs and fuel poverty for household types

Percentage of income spent on gas and electricity for a low-income and income family;

| Family type | Low income family | | | | | | | |
|--|---|--------------------------|-----------------------|---------|---|--|-----------------------------------|---------------------------|
| | Proportion of income After Housing Costs spent on gas and electricity | | | | Ppt increase (2022/23 vs 2021/22, no mitigations) | Ppt increase (2022/23 vs 2021/22, mitigations) | Ppt increase (2023/24 vs 2021/22) | %age mitigated (£350 off) |
| | 2021/22 | 2022/23 (no mitigations) | 2022/23 (mitigations) | 2023/24 | | | | |
| Working-age family with children ² | 10% | 20% | 18% | 16% | 10% | 8% | 6% | 23% |
| ...with couple parents | 9% | 17% | 15% | 13% | 8% | 6% | 5% | 24% |
| ...with lone parent family | 15% | 30% | 26% | 23% | 15% | 11% | 8% | 25% |
| Working-age family without children ² | 19% | 35% | 29% | 28% | 17% | 11% | 9% | 35% |
| ...couple without children | 14% | 28% | 24% | 22% | 13% | 10% | 8% | 29% |
| ...single adults without children | 33% | 61% | 49% | 48% | 28% | 16% | 16% | 42% |
| Pensioner family | 10% | 19% | 16% | 15% | 9% | 6% | 5% | 36% |
| All families | 12% | 23% | 19% | 18% | 11% | 8% | 6% | 30% |

Many various types of low income household were estimated to be in fuel poverty.

Households of single adults without children were estimated to spend the highest proportion on utilities (48% to 61%).

Estimated energy bills over time;

| Low Income family Family type | Bill in 2021/22 | | | Bill in 2022/23 (including mitigations) | | | Bill in 2023/24 | | |
|-------------------------------------|-----------------|-------------|--------|---|-------------|--------|-----------------|-------------|--------|
| | Gas | Electricity | Total | Gas | Electricity | Total | Gas | Electricity | Total |
| Working-age family with children | £660 | £791 | £1,450 | £1,588 | £1,081 | £2,670 | £1,201 | £1,227 | £2,428 |
| ...with couple parents | £608 | £811 | £1,419 | £1,446 | £1,118 | £2,565 | £1,097 | £1,258 | £2,355 |
| ...with lone parent family | £615 | £720 | £1,335 | £1,467 | £952 | £2,419 | £1,112 | £1,119 | £2,231 |
| Working-age family without children | £439 | £636 | £1,075 | £984 | £799 | £1,783 | £758 | £991 | £1,749 |
| ...couple without children | £531 | £705 | £1,235 | £1,235 | £924 | £2,159 | £942 | £1,096 | £2,038 |
| ...single adults without children | £384 | £546 | £930 | £835 | £635 | £1,470 | £648 | £854 | £1,502 |
| Pensioner family | £443 | £576 | £1,019 | £996 | £690 | £1,685 | £766 | £900 | £1,666 |
| All families | £507 | £661 | £1,167 | £1,169 | £844 | £2,014 | £894 | £1,029 | £1,923 |

Estimated utility bills in 22/23 for many of the family types are more than 10% of estimated median income in Newham

Source: Joseph Rowntree Foundation

- Fuel poverty puts households more at risk from the worst effects of Covid-19.
- There is a clear link between cold temperatures and respiratory problems and that resistance to respiratory infections is lowered by cold temperatures, thus increasing the risk of respiratory illness.
- Damp and mould are associated with increased respiratory problems and 10,000 extra winter deaths are caused every year by cold homes nationally.
- Warm homes enable immune systems to better fight off viruses, improve the likelihood of people with viruses only suffering mild symptoms and help improve the recovery process.
- Fuel poverty and its adverse effects are associated with the wider determinants of health that can affect long term health outcomes and contribute to health inequalities. Fuel poverty is known to have adverse effects on health and wellbeing, either due to the cold homes and conditions that fuel poverty forces people to live in, or through the financial stress and burden it creates. It increases the risk of health conditions such as asthma, other respiratory conditions, cardiovascular illnesses, and mental health problems

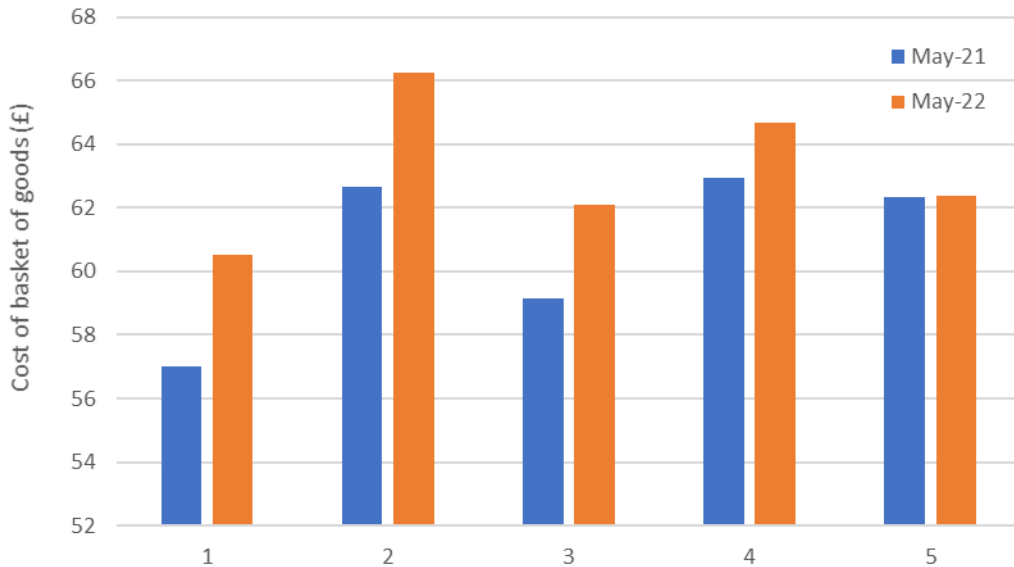
The rising cost of food

The big 5 supermarkets

Over the past 12 months the price of the same basket of 20 common items has increased from between <1% to more than 6%

May 2021: £56.99 to £62.94

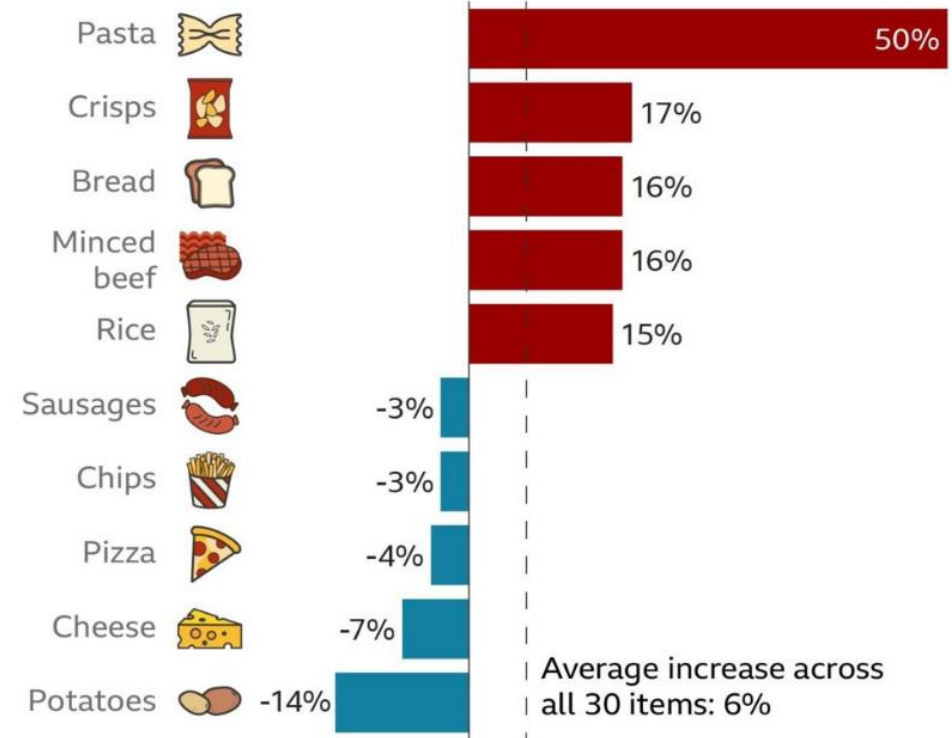
May 2022: £60.53 to £66.24



Inflation in the price of food items most likely to be bought by low income households is much greater than that experienced by high income households.

Change in cost of lowest priced goods

Highest and lowest percentage change in price of 30 selected groceries between April 2021 and April 2022



Newham Food Alliance: providing food security in Newham

Number of referrals (includes self referral; residents are referred by frontline staff when they believe someone is struggling to afford food or unable to go get food)

- between November 21 and January 22 = 753
- between February 22 and April 22 = 491

Number of households being supported by Newham Food Alliance (both food bank and clubs) per week:

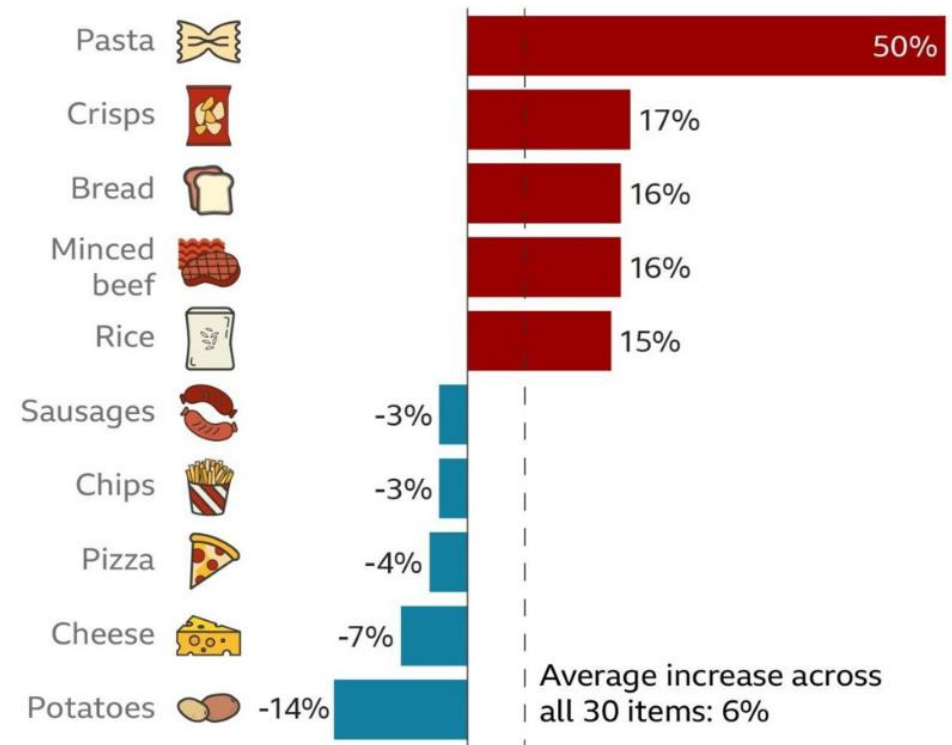
- Nov 21: **30** partners reported seeing **3,118** households (104 / partner)
- April 22: **23** partners reported seeing **3,183** households (138 / partner)

7 partners didn't report in April 22. Assuming they had similar activity, ~3,400 households accessing the NFA in April.

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Change in cost of lowest priced goods

Highest and lowest percentage change in price of 30 selected groceries between April 2021 and April 2022

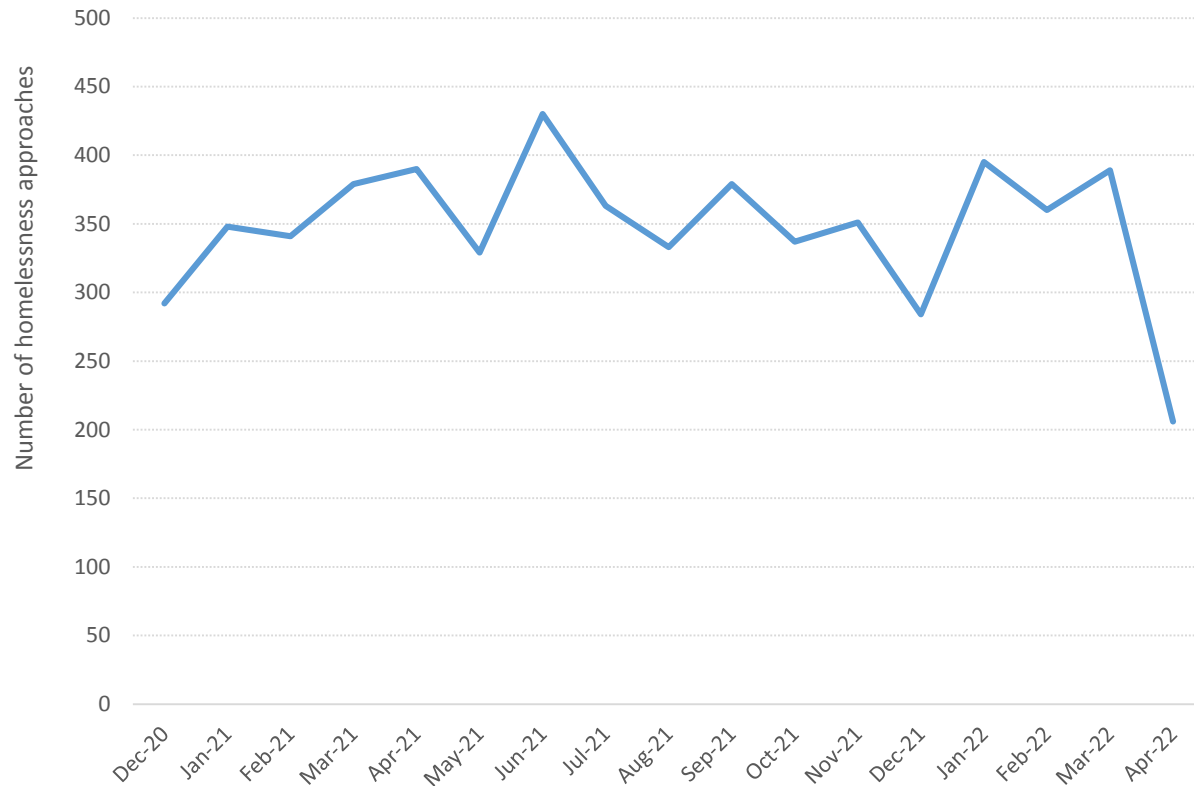


Source: Office for National Statistics



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Homelessness approaches to the Council



The number of homelessness approaches (this is people approaching the service rather than those accepted as homeless) per month does not appear to have risen as a result of the cost of living crisis so far.

If rising homelessness is a symptom of the cost of living crisis, it may come a little later, or may not be as visible in Newham due to already high rates of homelessness. This will require ongoing surveillance.

Source: LBN Housing

A spectrum of collaboration

- Work with the voluntary, community and faith sectors in a number of ways
- Our relationship and way of working will vary depending on the reason for collaboration
- We may have multiple collaborations with any one organisation



- All these relationships are rich sources of insight about what does and doesn't work