Turning down the heat 3

How the cost-of-living crisis continues to affect North Staffordshire

June 2023 Update

citizens advice
Staffordshire North & Stoke-on-Trent

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1. Introduction

In August 2022 we published the first edition of ‘Turning Down the Heat’ that looked at how the cost-of-living crisis was affecting people in North Staffordshire. In that report we outlined how rapidly rising prices were affecting people and driving the demand for advice, especially around energy, food, housing and debt.

“I’m 82, I lived through the war, and this is much worse”

In December we updated that report and this third edition brings us to the end of May 2023.

Figure1

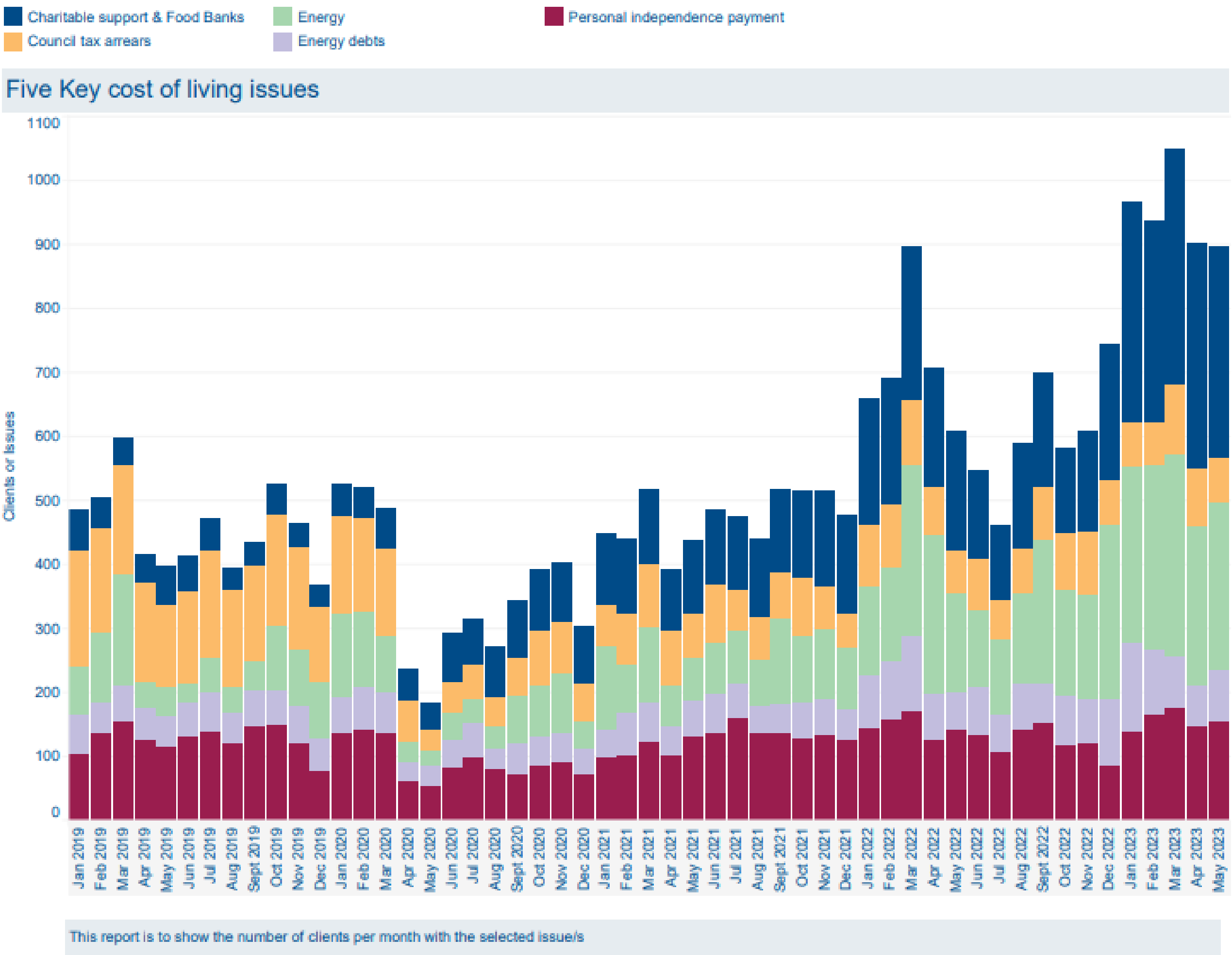


Figure 1 above shows the trend of enquiries involving five key cost-of-living related topics since January 2019. Since 2021 people needing help with these issues have been turning to Citizens Advice in increasing numbers.

Unsurprisingly we saw a spike in demand during the winter, especially during the cold snap before Christmas. However, since then, despite the arrival of Spring, demand remains high from local people struggling to cope with the lengthening crisis.

The fact that this crisis has been affecting local people for more than 18 months now, is significant as households' resilience is being increasingly tested as savings run out, but the pressures remain and, in some cases, intensify.

The data relates to those clients identified as living in Stoke-on-Trent, Newcastle-under-Lyme and Staffordshire Moorlands who have sought advice from the Citizens Advice service on issues affected by the rising cost of living, with comparisons to previous years in some cases.

I am grateful to our national association, Citizens Advice, for pulling the data together and producing many of the charts. This version of the report updates that data the end of May 2023.

The case studies are of actual clients who have sought our advice, but I have changed their identity to protect their confidentiality. Finally, we have updated the recommendations for actions made in the previous reports.

In the first report in August 2022, it appeared that there were few prospects of imminent improvement and therefore a sustained response was needed to avoid a local humanitarian catastrophe.

Local authorities, charities and community groups stepped up and provided coordinated support services across both the city and the neighbouring districts through the Stronger Together Through Winter initiative in Stoke-on-Trent, the Here to Help initiative in Staffordshire and many local activities.

Nationally, in April 2023 benefits rose by 10% and further rounds of the Household Support Fund were announced. Targeted financial support has continued from April and the Energy Price Guarantee (EPG), which has kept costs for a typical user at £2,500 p.a. during the winter, was extended for a further 3 months at this level. From July Ofgem's price cap will fall below the EPG level.

But we should not be complacent or think the crisis is over because inflation is still high, interest rates are rising to levels not seen for fifteen years and energy costs remain at least double what they were in the winter of 2020/21.

Consequently, every day we are seeing in our waiting rooms and on our phone lines how the cost-of-living crisis continues to hit local families from all sides through the daily struggle to afford energy costs, food and rent.

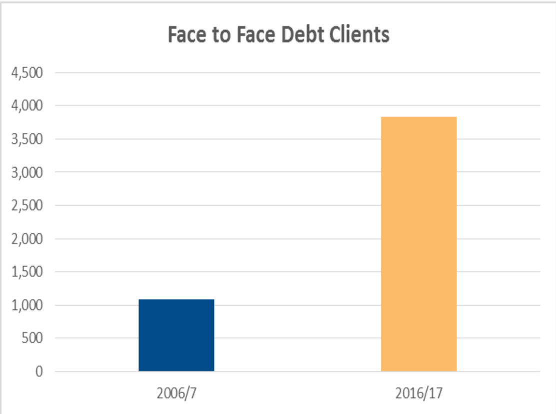
Simon Harris
Chief Executive
Citizens Advice Staffordshire North & Stoke-on-Trent
June 2023.

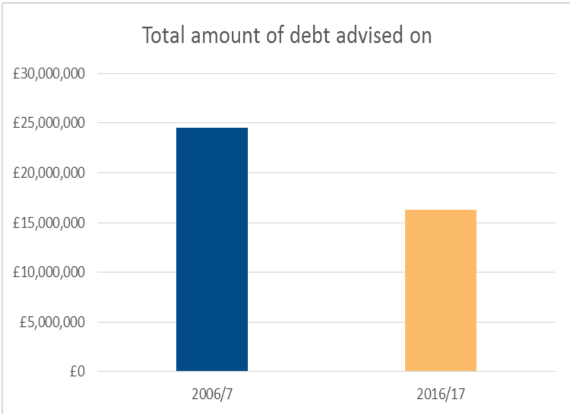
2. Background

It is misleading to believe that the current cost of living crisis has come out of nowhere or is simply the result of a unique sequence of events. On the contrary, the warning signs have been clear to see for some time.

In August 2017, in preparation for a Town Hall meeting organised by the Bank of England in Stoke-on-Trent to look at the financial impact of the 2008 financial crash, credit crunch and resulting recession, we compared of our debt caseload in 2006/7 with 2016/17. The box below summarises the main changes:

	Cases	Debt	Average
2006/7	**1,088**	**£24,563,710**	**£22,577**
2016/17	**3,836**	**£16,245,353**	**£4,235**





This showed nearly 4 times as many cases were opened in 2016/17, but each with a much lower level of debt. Part of the explanation for this was a significant shift in the types of debt brought to us and the growth in priority debts (mortgage, rent, utilities, council tax and fines – debts where non-payment can lead to the loss of something significant).

In 2006/7 priority debts accounted for 26% of all the debt issues brought to us by clients. By 2016/17 they accounted for 59%. This reflected a wider trend observed across the Citizens Advice network that more and more clients were struggling with their day to day living costs and paying for their essentials, while far fewer were experiencing problems with consumer credit, largely due to the reduction in lending following the crash than before.

By 2016 consumer lending was growing again and this could have masked the issue of the increase in priority debts, except for the growing number of clients with so-called deficit budgets, where their reasonable outgoings exceeded their income, which was a notable feature of debt advice during the 2010s and has been even more prominent since 2020.

In “Negative Budgets: A new perspective on poverty and household finances (February 2020)” Citizens Advice identified a growing trend since 2016 of clients with a negative budget, rising from 32% of debt clients in 2016/17 to 38% in 2018/19 and the size of the monthly deficit rising from an average of £167 to £203 in the same period.

Both trends suggest that there was a growing number of people struggling to get by well before 2021 and the first signs of a significant increase in fuel prices.

Alongside this, other agencies highlighted the precarious financial position of many households. In their "Financial Lives 2020" survey, the Financial Conduct Authority (FCA) identified 10.7 million households with characteristics of low financial resilience, defined as people who "are over-indebted or have little capacity to withstand financial shocks. For example, they could not withstand even a £50 a month reduction in their income or losing their main source of household income for even a week".

The FCA estimated this figure represented one UK household in every five. 7.8 million of these households were indebted and 3.8 million were in financial difficulty.

The report also looks at the level of financial buffer households held to withstand sudden financial shocks and concluded that 39% of adults (20.3 million) lacked 3 months living costs in savings. They also found that:

- 5.1 million were usually overdrawn, often using an overdraft facility to pay for essential living expenses.
- 2.8 million had persistent credit card debts;
- 5.6 million had at least one high cost loan;
- 3.5 million had mortgage arrears at least 4 times their annual household income.

At the time the main concern was COVID-related job loss or income reduction due to furlough, but such persistent levels of financial insecurity create a significant cohort of people at risk of serious financial problems should they experience a sudden financial shock such as an increase in energy bills or the cost of food or petrol.

Taken together these factors demonstrate why the recent and continuing increases in the cost of living are having such a damaging effect.

"Sarah" receives Universal Credit and is unable to work due to several health conditions including sleep apnoea. She uses a CPAP machine at night and not doing so can be potentially fatal.

When she contacted us "Sarah" had £0.86 worth of credit left on her electricity meter to last her 4 days until her next UC payments was due and was at serious risk of running out of credit and cutting herself off.

We gave "Sarah" a fuel voucher with which to top her pre-payment meter and helped her claim Personal Independence Payment to increase her weekly income and entitle her to an additional cost of living support payment.

3. Why this hits Stoke-on-Trent hard

While this report covers the whole of North Staffordshire, the underlying problems are especially acute in Stoke-on-Trent. Newcastle-under-Lyme and Staffordshire Moorlands are each affected significantly but the scale of the problem in Stoke-on-Trent is much greater.

The Government's latest figures on fuel poverty, published in April 2021[1] showed that with 21.8% of households classed as fuel poor, Stoke-on-Trent had the second highest rate in the country after Barking and Dagenham.

Newcastle-under-Lyme had 18.0% of households classed as fuel poor and Staffordshire Moorlands 16.2%, significantly lower than Stoke-on-Trent but still above the Staffordshire-wide figure of 15%.

The new LILEE[2] assessment looks at the energy efficiency of the properties in an area and the residual income left once an amount required to adequately heat a home is taken into account. The relative poverty of Stoke-on-Trent along with the poor energy efficiency of many of the city's properties combine to make the city especially vulnerable to spikes in energy prices.

The problem is particularly acute in wards such as Hanley Park and Shelton (35% of households are fuel poor), Etruria and Hanley and then the main social housing estates such as Abbey Hulton and Townsend, Bentilee and Ubberley, Meir South and Trent Vale and Springfields[3].

In April 2023 the claimant count in Stoke-on-Trent was 9,210 people, or 5.7% of the adult population, claiming out of work benefits and required to look for work. While lower than at its peak, it is still 25.8% above the pre-pandemic levels and places Stoke 28th out of 309 Districts and thus in the top 10% of local authorities.

In Newcastle the figures were 2,450 and 3.2% while in the Moorlands it was 1,140 and 20% Each has shown a slight increase since December 2022.

31,428 people in Stoke-on-Trent are receiving Universal Credit, the principal means-tested benefit for working age people. This is a rate of 19.5% of people and places Stoke-on-Trent 31st out of 309 Districts.[4] The figure is significantly lower in both Newcastle and the Moorlands. Again the rate in Stoke-on-Trent has risen since December, but this may partly be the result of the natural migration of claimants off legacy benefits and on to UC, but it is also likely to be the result of the increase in the claimant count.

Despite having the 51st highest rate of Pension Credit claimants, it is still estimated that some £10.3 million of Pension Credit is unclaimed by approximately 2,500 people, each of whom will be receiving up to £80 per week less than Parliament says they need to live on, which would make a crucial difference in the current climate. In addition to this, they will miss out

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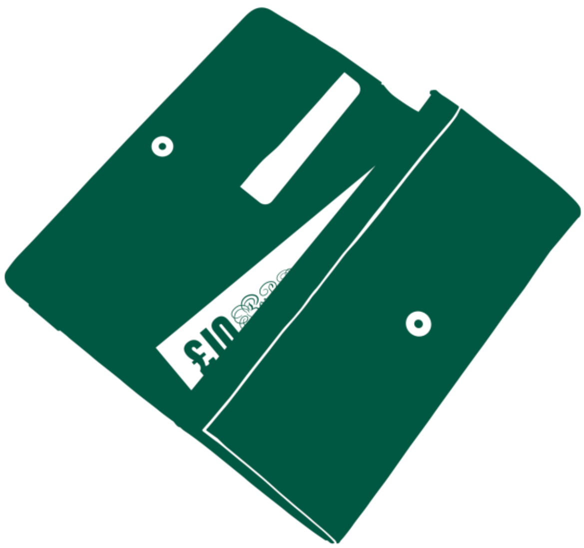
[1] Sub-regional fuel poverty data 2021, published on behalf of BEIS by the ONS.
[2] LILEE = Low Income Low Energy Efficiency
[3] Fuel Poverty note 2021 – Steven Johnston, Stoke-on-Trent City Council
[4] Figures from ONS via NOMIS, and the DEP's Stat-Xplore, collated by Steven Johnston, Stoke-on-Trent City Council, for the May Universal Credit and Claimant County Summary

on those payments, including the £650 cost of living payment for which receiving Pension Credit is one of the qualifying criteria.

Similarly, it is estimated just under 2,000 people may be missing out on Universal Credit, another qualifying benefit for cost-of-living payments, and at an average of £77 a week. Money that could make a huge difference to household budgets.

A smaller number of people are estimated to be missing out on disability benefits, but some 300 individuals will be significantly worse off as Attendance Allowance, Disability Living Allowance and Personal Independence Payments not only provide valuable extra income (roughly £77 per week per recipient) but also act as qualifying benefits to other help and support including a £150 cost of living payment.[5]

Poor energy efficiency, low wages (in 2022 wages in Stoke-on-Trent were 86% of the GB average, 92% in Newcastle and 101% in Staffordshire Moorlands)[6] and high levels of benefit reliance make Stoke-on-Trent especially vulnerable to the cost-of-living crisis.



[5] Unclaimed & Underclaimed Benefits estimate Stoke-on-Trent July 2022 – Steve Johnston Stoke-on-Trent City Council, for the Stoke-on-Trent Hardship Commission.
[6] NOMIS.at nomisweb.co.uk reporting the ONS annual survey of hours and earnings

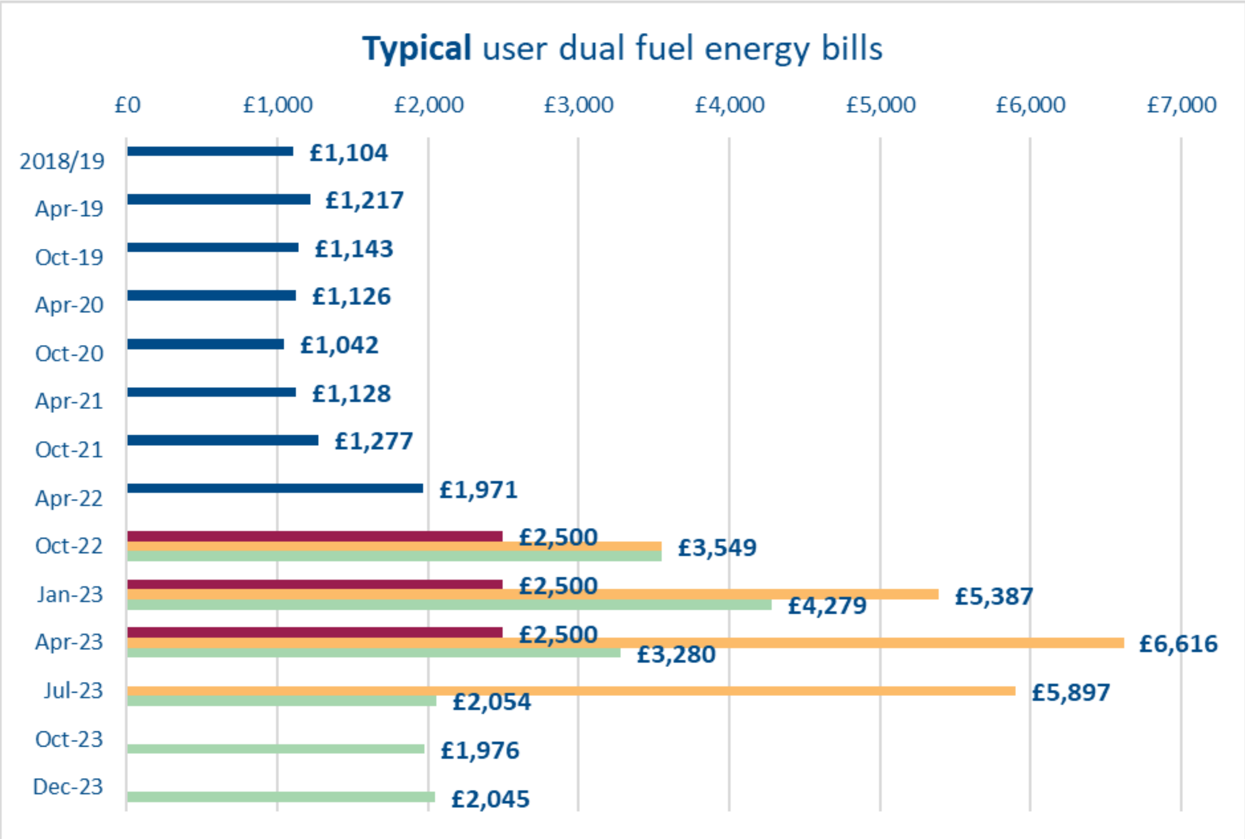
4. Energy costs

Much attention remains rightly focused on the rises in domestic energy bills since 2020/21, as indicated by movements in Ofgem's price cap. The price cap is a mechanism to prevent suppliers charging excessive amounts for domestic energy while ensuring that bills reflect the true cost of supplying gas and electricity to households.

Figure 2 below shows the movements in the price cap.

- The blue bars represent the figure quoted for the cost of the annual usage by a typical user at the Ofgem price capped standard variable tariff, up to April 2022.
- The purple bar shows the maximum per year a typical user paid under the Government's Energy Price Guarantee (EPG).
- The orange bars are the *original* August 2022 forecasts by Cornwall Insight for how the Ofgem price cap *might* rise from October 2022 through the following 4 quarters.
- The green bars represent the latest figures for what a typical user will pay under the actual Ofgem price caps and Cornwall Insight's forecasts for price cap movements for October and December 2023.

Figure 2



A major intervention was the introduction of the Energy Price Guarantee from October 2022. This capped a typical user's costs at £2,500 p.a. until the end of June 2023. In the current period this saves typical users £728 p.a. compared to the Ofgem price cap. Before April the saving was significantly higher (the difference between the green and purple bars).

From July 2023 the Ofgem price cap will have fallen below the Price Guarantee level, saving typical users about £450 a year.

But the typical user will continue to pay twice what they were paying in the winter of 2020/21 throughout the rest of 2023.

The Government has also introduced significant changes to the cost-of-living support it provides to households, from April 2023, as summarised in Figure 3.

Figure 3.

Support	Amount 2022/23	Amount 2023/4
Council Tax rebate – for all properties in Bands A-D	£150	Nil ↓
Electricity bill discount	£400	Nil ↓
Cost of living payment – for those receiving means tested benefits	£650	£900 ↑
Cost of living payment – pensioners	£300	£150 or £300 →
Cost of living payment – disability	£150	£150 →

So, although bills will fall by around 20% that is in the context of many households losing £550 of financial support, some of whom will have some of that loss offset.

To look at it another way we can compare it to the Standard Amount of Universal Credit (UC). In 2022/23 a single person receiving the Standard Amount of UC received £334.91 pcm. If they are a typical dual fuel user, they paid £208 pcm for their gas and electricity, or 62% of their UC.

From April 2023 their Universal Credit rises by 10.1% to £368.74 pcm, and their capped energy payment remains at £208 pcm, and now takes up 56% of their income. But when you factor in the changes to cost of living support the additional help they receive falls from £1,200 in 2022/23 to £900 in 2023/24. As things stand their energy costs in 2023/24 will be £2,144[7] compared to £2,235 in 2022/23 or £91.50 lower.

Overall, in 2022/3 our single, healthy UC claimant should have received £434.91 pcm from UC and cost-of-living support and in 2023/24 they will receive £443.74 pcm or £10 pcm more. Add in £7.62 *less* each month they will be paying on fuel and they will notionally be £17 per month better off.

But with the annual inflation rate for food standing at 19.1% in April 2023[8] they would only have to spend around £25 a week on food to see that small increase wiped out.

[7] Calculated by averaging the price cap annual estimate across the year for both 2022/23 and 2023/24

[8] ONS Cost of living insights: food

The conclusion is that despite a significant uprating in benefits and the continuation of government cost-of-living support, albeit at a reduced level for some, many of the poorest people locally will continue to struggle to meet their fuel costs for the foreseeable future.

The Energy Price Guarantee is scheduled to end in April 2024. However, from July 2023 onwards it will only be there as a safety net should energy price rises push a typical user's annual bill above £3,000.

How is this affecting our clients?

Figure 4 shows the cumulative number of clients who have sought advice on energy issues in each of the past 4 years.

The dark green line, representing 2023, had outstripped each of 2019, 2020, and 2021's annual totals by the end of May and continues the worrying trend that emerged during 2022. At the moment 2023 looks likely to outstrip 2022 by around August or September.

Despite the introduction of the Energy Price Guarantee in October, the number of clients needing help with their energy costs has continued to rise. A very warm summer in 2022 and relatively mild early autumn suppressed demand to a certain extent, but it increased significantly during the winter as could reasonably be expected.

Figure 4

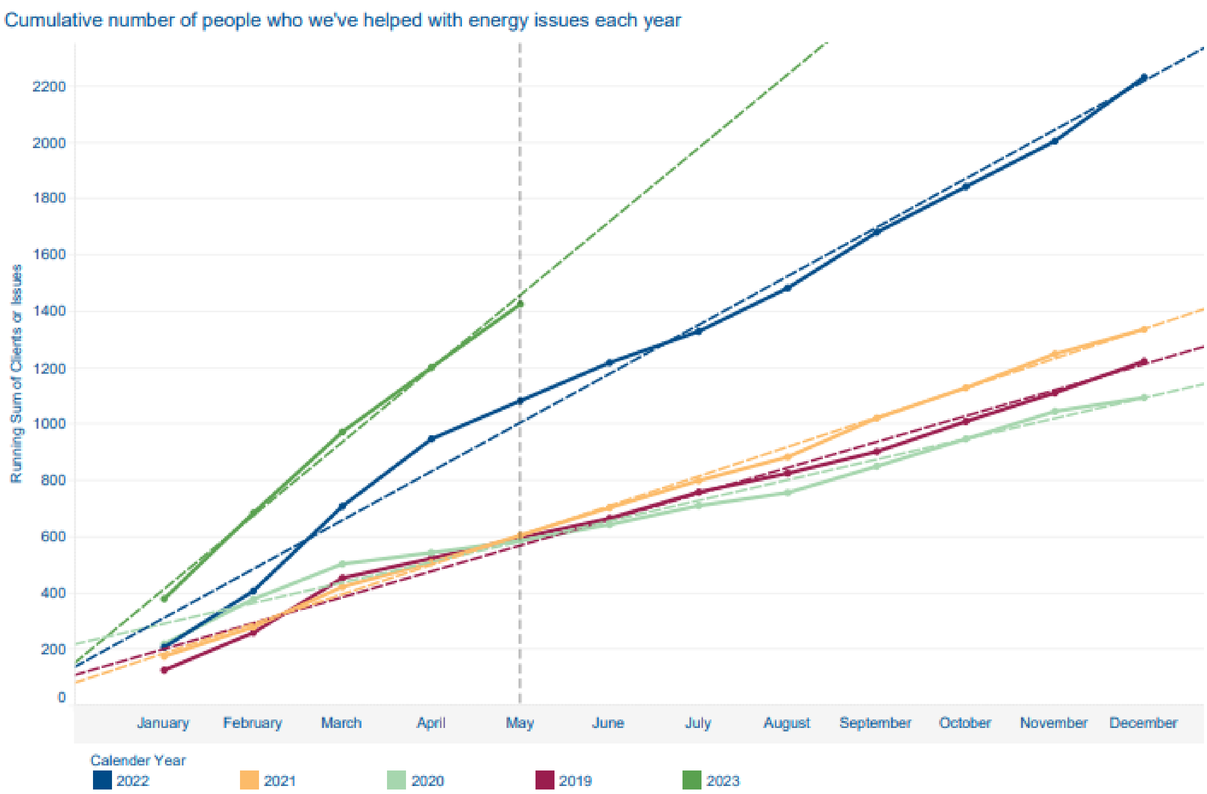


Figure 5 below represents similar data: the number of clients with queries about domestic energy, each month from January 2019 through to May 2023. This chart clearly shows the upward trend over time. Although demand fell back in April and May it remains at historically high levels. The spike in demand in March is clear to see and linked to changes in the price of domestic energy from April.

Figure 5

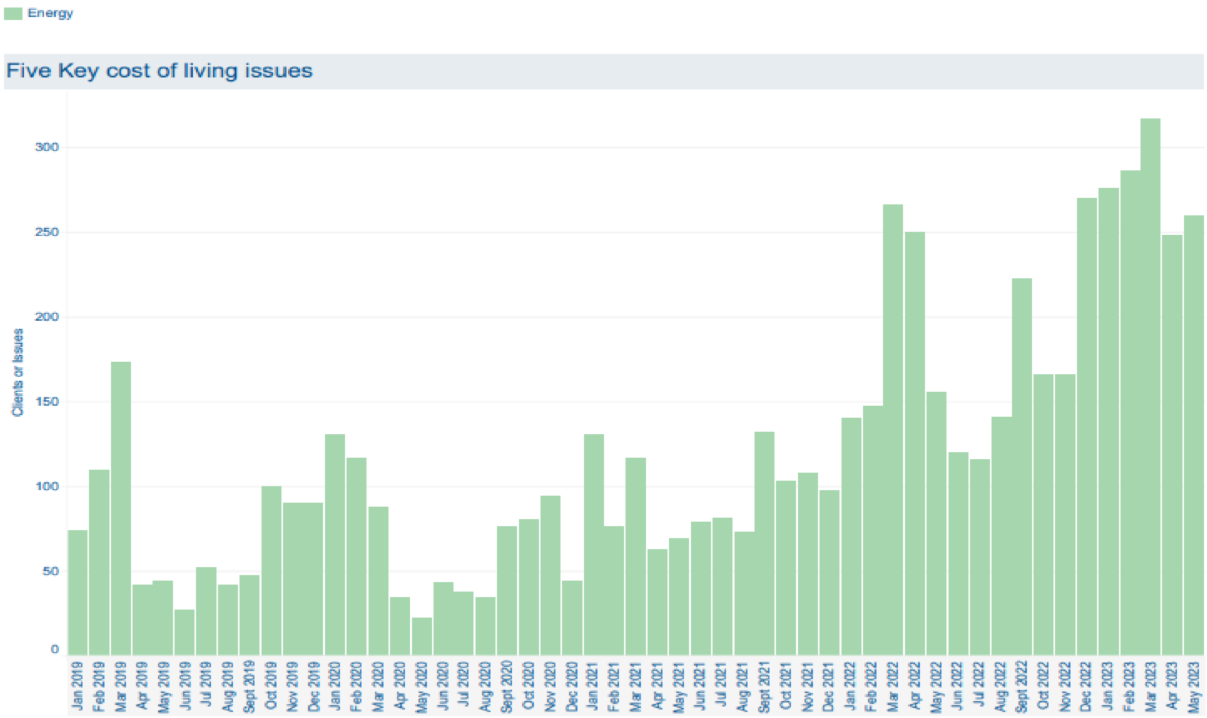
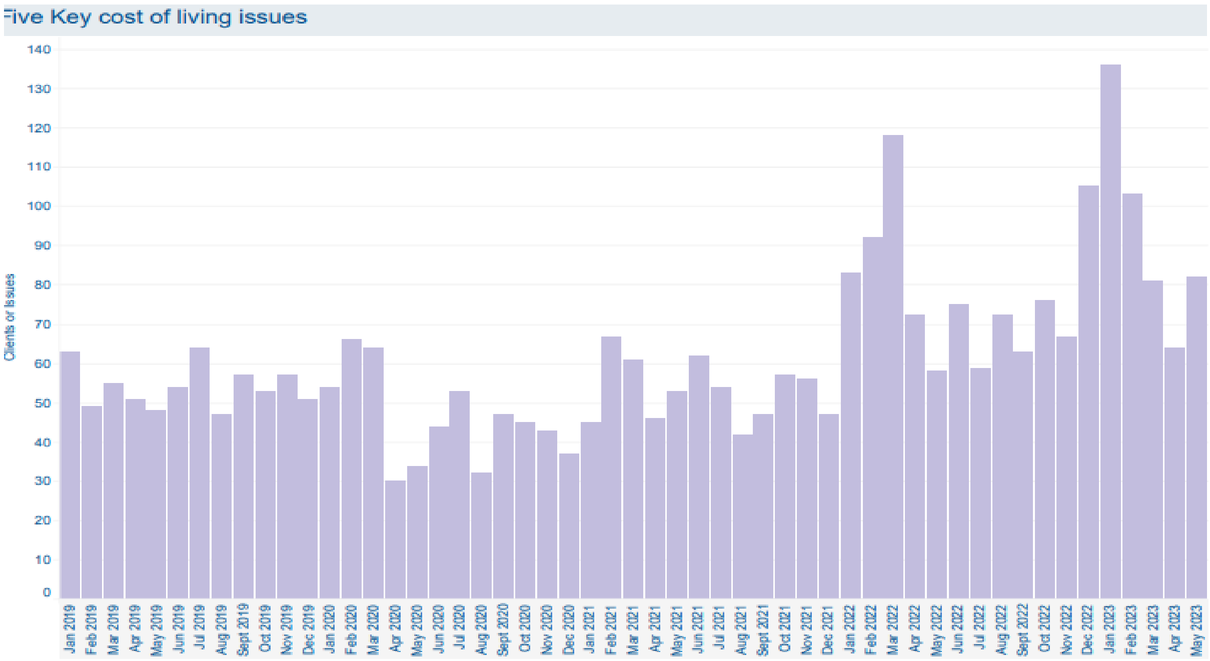


Figure 6 below shows the monthly totals of queries about domestic energy debts. Concerns about paying for energy are now feeding through into problem debt, where the client is in arrears with their energy and potentially facing recovery action by their supplier. March 2022 saw a peak in such issues. That peak has been passed in January 2023.

Figure 6



Since then we have seen a fall in the number of local people seeking help with fuel debts. However, the number of prople advised in May 2023 was higher than in October 2021, when the energy crisis began to bite and clients needing help are now above their pre-pandemic levels.

Despite measures to limit prices, including the Energy Price Guarantee, and the other support available, the persistence of the current circumstances is driving people into energy debt.

The ONS has reported that over half of UK adults are using less fuel in their homes due to cost of living increases[9] as families find various ways of trying to make ends meet.

Ideally, we would hope that energy companies would help customers, especially those vulnerable by reasons of health, age or family circumstances. Unfortunately, this is not always the case and the following case studies show how our help was needed to intervene with energy companies to ensure payments were affordable and the families concerned were able to maintain their supplies.

"Shelley" is a single parent with 2 children who rents from a local housing association. Her health is poor, and she is unable to work. She receives the lower rate of Personal Independence Payments for both care and mobility due to her disability.

When "Shelley" contacted us, she had been paying £200 pcm for her gas and electricity but even with the cost-of-living payments she had accumulated £780 of arrears due to the rising cost of her energy. Her supplier wanted to raise the monthly payment to £336 to reduce the arrears but "Shelley" could not afford that.

With our help "Shelley" has been granted the higher rate of PIP, increasing her income, and we helped her secure a £250 grant towards the arrears. With all of her cost-of-living support being put towards the arrears her account will be in credit by the beginning of the winter.

But the energy company still wants to increase "Shelley's" monthly payments to a level that she cannot afford. We continue to negotiate with the energy company to try and find a mutually satisfactory solution.

"Leah" is a single payment with one child, who also has poor health and struggles to manage her finances. She approached us for help with negotiating with her energy supplier who was demanding repayment levels she could not afford.

We checked her meter readings and set up a three-way call with her supplier to agree a payment plan. The energy supplier wanted £300 to £400 a month to cover current usage and arrears. Our assessment of "Leah's" weekly budget showed that she could only afford £100 pcm.

The supplier only agreed to this when we invoked Ofgem's regulations that require the supplier to consider the customer's ability to pay, and then only on the understanding that the account would be regularly reviewed, and repayments may be increased.

In the meantime, we are working on applications for grants to help reduce or clear the arrears.

[9] ONS Cost of living insights: Energy.

"Maria" is a single parent with three young children, living in a privately rented house who has struggled to pay her bills due to the rising cost of living. She suffers with COPD and is unable to work.

When "Maria" approached us she owed £2,500 on her energy account and the supplier was demanding £650 a month to cover current usage and arrears. "Maria" pointed out that this was half of her income, and she would be unable to feed and house her children from what was left, but the energy company were adamant.

We negotiated the payment down to an affordable £170 pcm and looked at ways of reducing the arrears including payments from the Household Support Fund

Part of "Maria's" problem stemmed from the fact that she was spending more money on food because her cooker was broken, and she couldn't afford to get it repaired or replaced. We secured a payment from a charity for a new cooker and have helped her apply for Personal Independence Payment, which, if successful, will not only increase her monthly income but also entitle her to an additional cost of living payment that could be put towards her fuel arrears.

In each of these examples our clients were struggling to cope with the increasing cost-of-living and their situation was not being helped by the inflexible and often unsympathetic attitude of their energy suppliers.

In each case we were able to identify and help them claim additional benefits and other payments from the range of resources available to us.

These cases also demonstrate the consequences of energy prices remaining at their historically high level for a prolonged period of time. While many households can weather a sudden, short-term spike in costs, the fact that costs continue to be so high is extremely concerning.

The price cap or price guarantee has been at twice the level we saw in the winter of 2020/21 for over a year now. In 2020/21 there was price competition in the energy market so many customers will have been paying well below the price cap. For many the differential is even higher now that everyone is being charged at the price cap level. The fact it looks like remaining at this level until at least 2024 is extremely concerning.

Alongside this, increases in the standing charge since 2020 mean that in 2023 typically households are spending £113 a year more on something they cannot influence. None of the energy efficiency measures they can take or anything they choose to do to reduce their usage will impact on the standing charge.

But it is not just energy prices that are the problem families are being squeezed from all sides as inflation drives up housing costs and the cost of food.

5. Housing

Last summer we reported an increase in the number of clients who were struggling to pay the rent. This has increased significantly since we emerged from the COVID lockdowns and has been due partly to the general squeeze on household budgets and partly to an emerging trend where private landlords have increased rents to add further pressure onto hard pressed households.

These increases are quite legal, but in many of the most challenging cases they are increasing the rent significantly above the Local Housing Allowance (LHA)[10] level so that the gap between the rent and the available support is growing.

Such is the state of the local housing market that private sector rents have been above the LHA ceiling for many years. However, in most cases the gap was affordable. This is becoming less and less the case. In some cases that we have seen the rent was previously below the LHA level and has now risen above it.

> *"Phil" is a single man unable to work due to ill-health. His income is Universal Credit, and his landlord is now proposing to increase the rent from £400 a month to £750 a month, an 87.5% increase.*
>
> *"Phil" cannot afford this increase, which will take the rent well above the LHA level. Unfortunately, his choices are accept the new rent or leave, as the landlord has also issued a Section 21 notice.*
>
> *"Phil" has applied to the local authority for a new property*

As well as adding significant financial burden to hard pressed families, such rent increases can threaten their security of tenure. The example above is one where clearly the increase is unaffordable, and the tenant is unable to increase his income.

In "Phil's" case and "many others, the proposed rent increase is also well above inflation, and it appears that landlords may be taking advantage of the shortage of private rented properties to inflate rents.

However, since then we have seen mortgage rates rise as underlying interest rates rise to combat persistently high inflation.

This is putting additional pressure both on homeowners who are now facing the prospect of mortgage arrears and potential repossession as their payments increase significantly after a prolonged period of relatively low interest rates. We are seeing more mortgage possession cases being listed at the county court than we have done for a long time and have represented at more such hearings than we are used to.

Alongside this the alternatives are limited. Social housing is in limited supply and much privately rented accommodation is expensive, frequently above LHA levels, and often of poor

[10] Local Housing Allowance is the main form of financial support for private tenants. It is calculated with reference to a ceiling, based on rents in the local 'broad market rent area,' above which support will not be paid, but above which the landlord can charge rent. LHA rates were frozen in 2020 and are based on the bottom 30% of rents in a market area

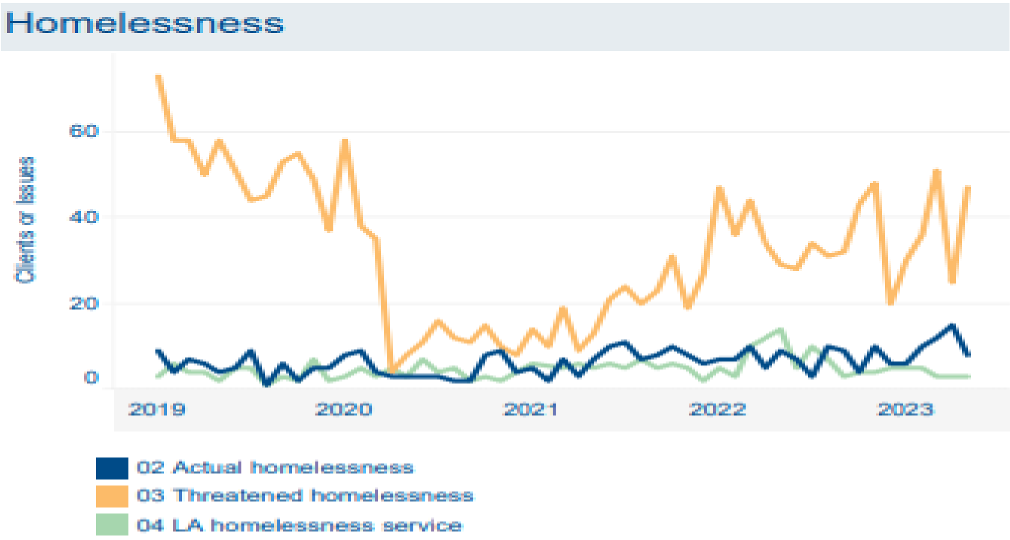
quality. In Stoke-on-Trent the proportion of households privately renting rose from 13% in 2011 to 20% in 2021[11].

The Government has committed to amend the law to remove so-called 'no-fault' evictions and the Renters Reform Bill is currently passing through Parliament. However, our concern is that it may be too little too late as many households may find themselves priced out of the rental market or vulnerable to eviction from arrears as rents rise. Two months' rent arrears can make the tenant vulnerable to eviction under a mandatory ground to which there are only very limited defences.

As mortgage rates rise, we have also seen landlords either passing this increase on to tenants in the form of rent increases or exiting the market altogether, further reducing the housing stock.

All of puts further pressure on hard-pressed family budgets.

Figure 7



The chart above shows that queries about homelessness, especially threatened homelessness (the orange line), have been climbing since the pandemic as landlords resume recovery action and the courts reopen. It fell back over the summer but climbed steeply in the autumn before peaking again in 2023.

The situation for social housing tenants is different but also concerning. Fewer clients living in social housing are seeking advice about rent arrears than we would expect. One reason for this is that social landlords whose tenants are in receipt of Universal Credit are continuing to collect the arrears and ongoing rent direct from UC. While this ensures that the arrears do not increase, and the rent is paid it does leave significantly less money per week available for other expenses, which may simply be shifting the problems elsewhere.

We are still concerned at the worrying feature that had been reported to the Wider Welfare Reform Group last summer: social housing tenants who had been paying their rent by direct debit, either cancelling those direct debits because they are no longer affordable, or seeing

[11] NOMIS census figures for both 2011 and 2021.

those direct debits fail due to insufficient funds in their bank account. This does not appear to have grown significantly since then.

By and large these are tenants who in normal circumstances can pay their rent regularly, have no major financial problems and frequently are not on Universal Credit. If this trend continues or accelerates, then we could see greater demand for advice on rent arrears and security of tenure.

"Jakob" lives with his wife and 2 dependent children in their mortgaged property, their mortgage still has £75,000 outstanding but the house is valued at around between £350,000, Their monthly payments £800 p/m on a variable tracker 2.25% above base rate and they currently in arrears of £1500.

"Jakob's" wife has recently become severely ill, and he has had to give up work to look after her and their two children, due to the loss of both of their incomes he is worried about how he will meet the mortgage payments and the stress is starting to affect his own mental health.

"Jakob's" wife is receiving disability benefits and "Jakob" has claimed carers allowance for looking after her, in total they receive £1,586.73 per calendar month in benefits, their mortgage payments alone take up more than 50% of their income. "Jakob" has told us he has used up all of their savings to try to keep up with the payments and has been in touch with the lender and negotiated a lower payment for the next 3 months.

He is very aware that there has been a 0.25% base rate rise in the last week, which will increase his monthly payments further.

Unfortunately, it is "Jakob's" best option to sell his family home before it is repossessed.

Housing is on the verge of a perfect storm that could significantly increase homelessness:

Interest rates have risen for 12 successive months to May 2023 and are now at their highest rates for 15 years.

Social housing rents rose by 7% in April 2023

Private rents are rising above the LHA level and often above inflation.

Owner Occupation and social renting have declined in North Staffs as private renting has increased, but many landlords may be about to exit the market, reducing the stock of alternative accommodation for those facing eviction.

6.Crisis Support

The cost-of-living crisis has been characterised often as a choice between heating and eating. For some of our clients it has already gone beyond that as they can no longer afford either.

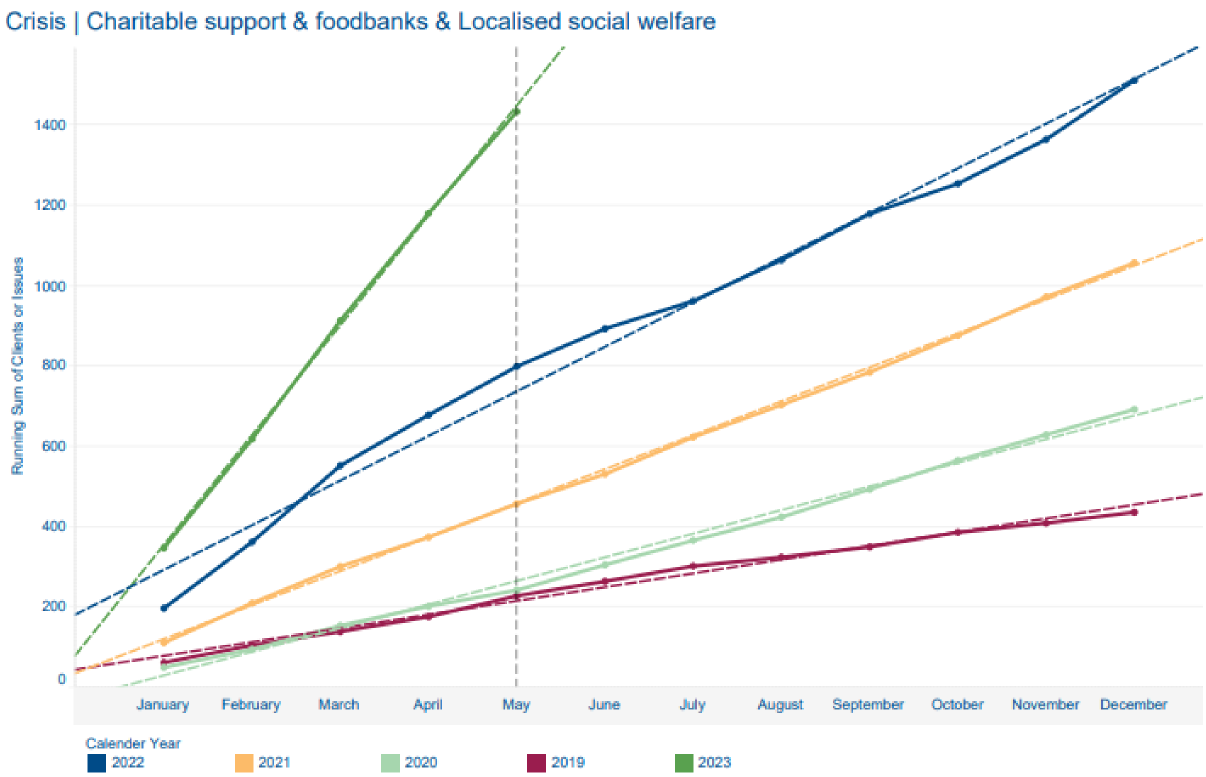
This has been reflected in the queries about foodbank vouchers and emergency payments, both of which have increased significantly.

Since December 2021 we have been distributing funds from the Household Support Fund to families struggling to meet their fuel and other costs. This was then given out as either fuel vouchers redeemable to top up pre-payment meters or as cash grants to energy suppliers. We also have access to fuel vouchers and funds provided by other funders such as British Gas Energy Trust and the Energy Saving Trust.

While an invaluable stopgap to avert crises, such emergency payments are not a long-term or sustainable solution to the underlying problem of unaffordable energy or food costs.

Figure 8 shows the number of people who approached us for food or fuel bank vouchers or other emergency payments between January and May compared with the previous four years.

Figure 8



Demand for foodbank vouchers and other local support was strong throughout 2021 and 2022, outstripping the 2021 total by August 2022. Since January 2023 it has risen dramatically so that 2023's total passed 2021 in March and is on track to pass even 2022's total by June or July. The rate of increase is truly alarming and demonstrates how many local people have now become dependent on crisis support as the continuing crisis has eroded what few financial resources they possessed.

This has also changed the nature of much of our front-line work. Traditionally we have given our clients knowledge and confidence along with the advice and advocacy we provide. Currently we are being approached by unprecedented numbers of people for direct financial and practical support: foodbank vouchers, supermarket vouchers, fuel vouchers and crisis cash payments.

The longer that prices of essential items remain high and continue to rise at their current rate, then the greater the demand will be for this type of support.

Figure 9

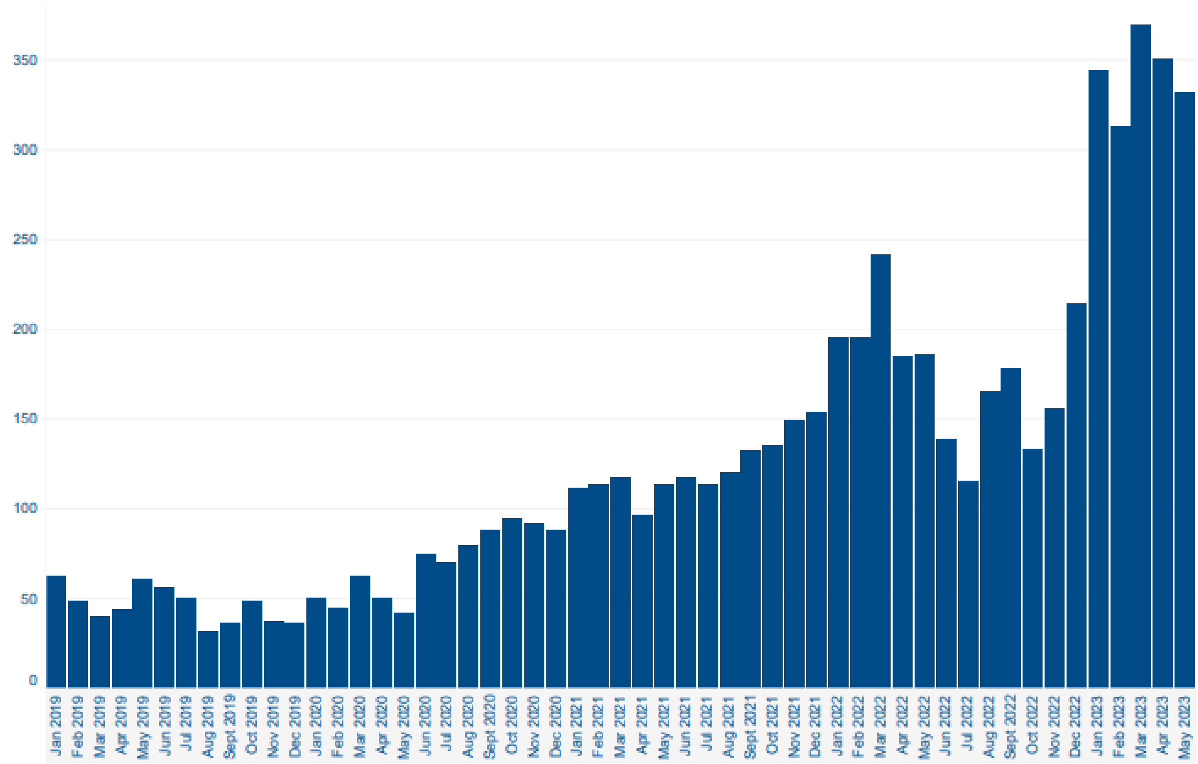


Figure 9 shows a longer-term trend for queries about this support and how they often respond to seasonal factors. However, there has been a marked increase in the demand for crisis support since January 2023, which has exceeded previous spikes in demand.

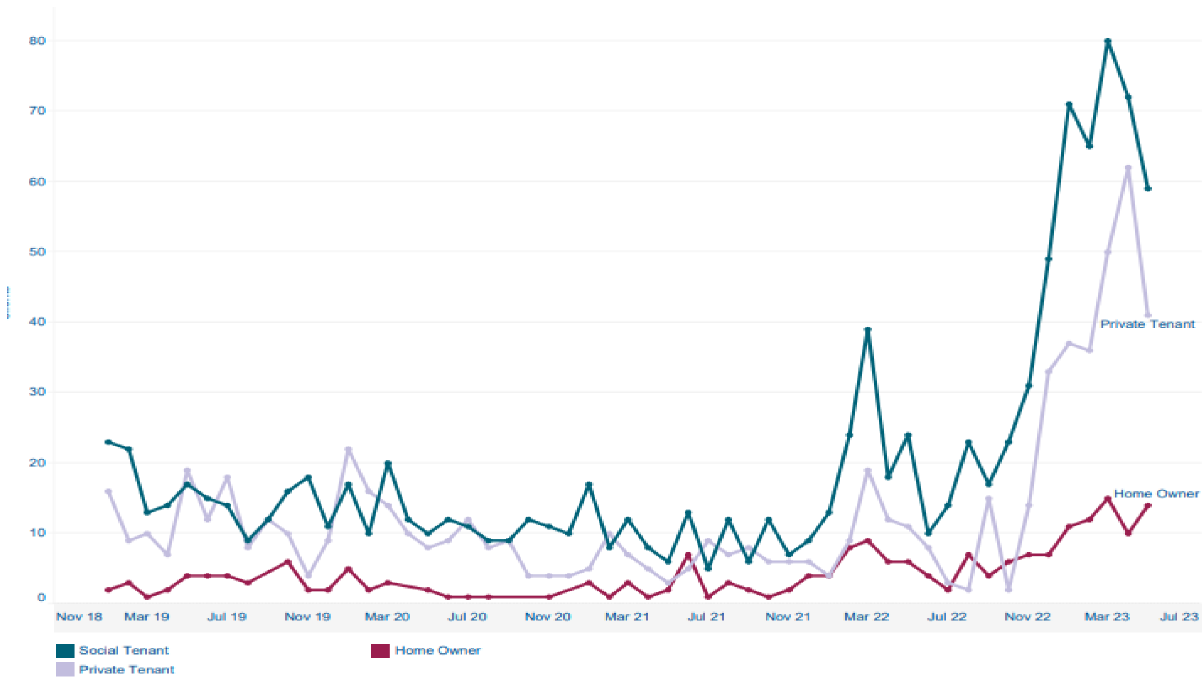
The following charts show who is approaching us for help from foodbanks.

Housing Tenure – not surprisingly tenants feature prominently among the clients seeking crisis support. Social tenants and private tenants have dominated these figures, following a similar pattern.

Interest rate rises and rising mortgage costs have prompted a steady increase in owner occupiers needing this type of support.

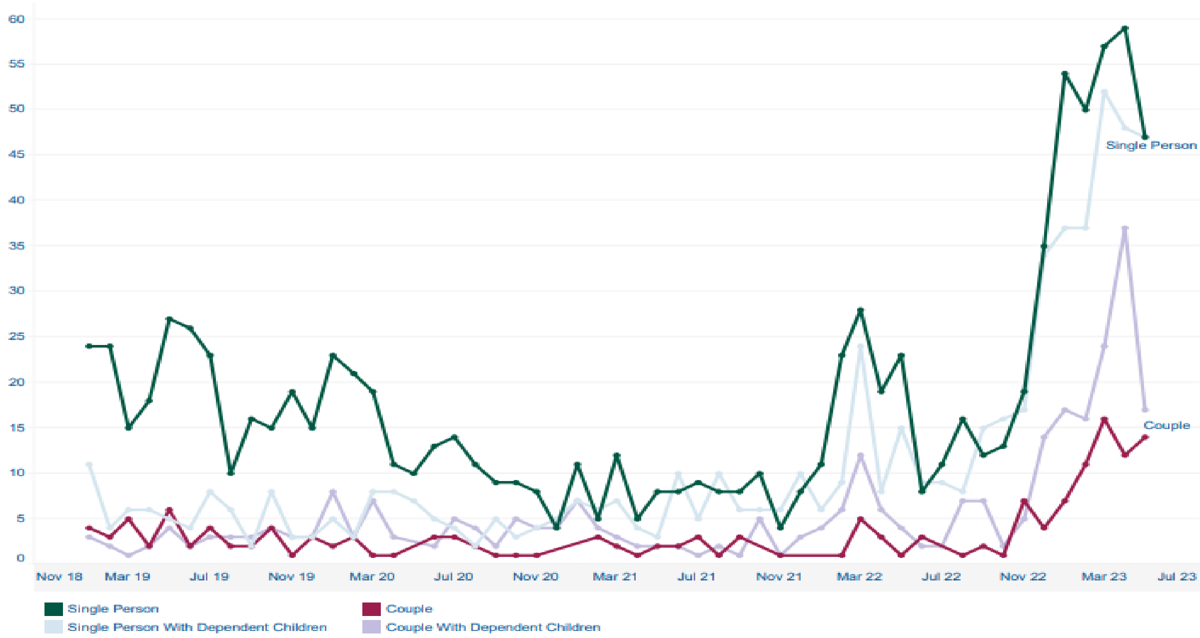
It should be noted it isn't always possible to record housing tenure, so these figures are a sample of the total number seeking this type of help.

Figure 10



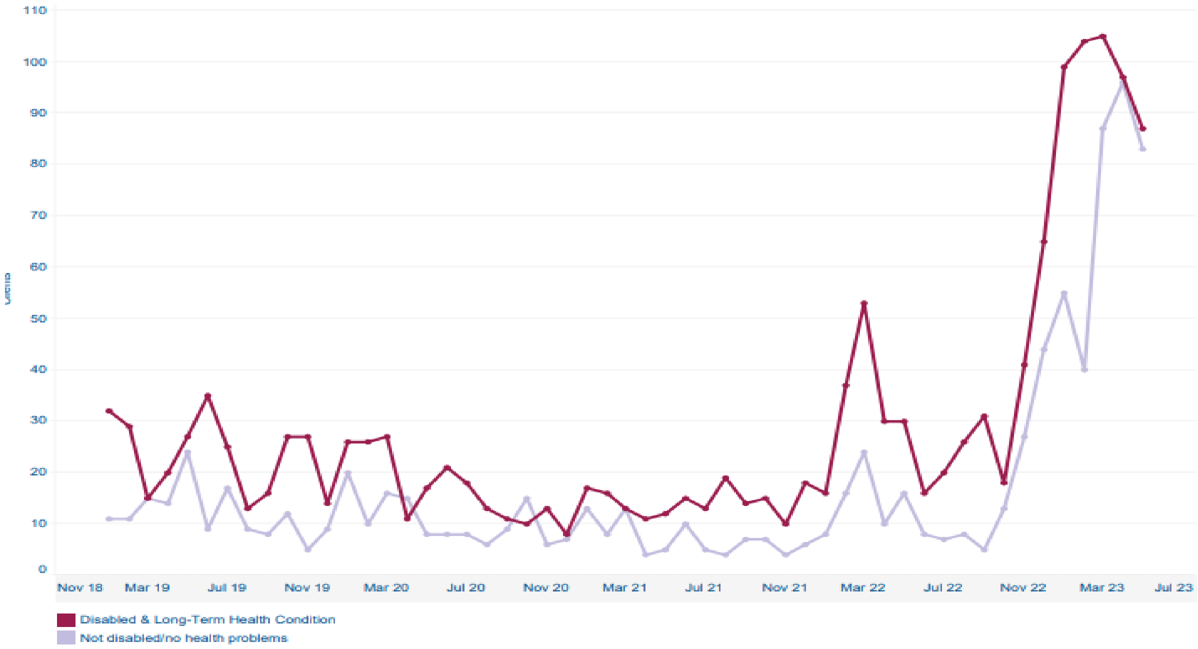
Household type – single people remain the most frequent group seeking crisis support, usually because they receive the lowest levels of benefits. There has been a noticeable increase in single parents since Christmas 2022, while demand from couples with children spiked in March 2023 and the demand from couples has been less but is still rising.

Figure 11



Health and Disability – an adequate diet is essential to maintain good health. It is concerning that clients who report a disability or long-term health condition (usually, one in three of our clients) are so prominent among the clients struggling to access food and other basic items. People with disabilities or long-term health conditions outnumber or match the numbers of fit and healthy people needing crisis support.

Figure 12



"Tasnia" has two children, and whilst looking for work receives £1,039 per month in Universal credit and £157.08 a month in Child Benefit.

"Tasnia" has contacted us as she is currently struggling to pay her bills. She's recently been notified that her electricity bill of £150 per month will increase to £210 and her gas costs will rise by £60 per month. She couldn't afford to make the payment in September as both her children needed new school uniform and is worried about how she will cope going forward into winter as her income will remain the same whilst her outgoings increase by £120 a month.

We gave "Tasnia" a fuel voucher and foodbank voucher to tide her over and referred her to our Potteries Moneywise team to look at maximising her income and applying for charitable support to cover her water charges as well as any other energy saving measures or additional support that she or her family may be entitled to.

7. So what can CASNS do to help?

Our approach remains three-pronged. We aim to:

- Maximise people's income and access to additional support;
- Minimise their unnecessary spending; and
- Optimise their energy use.

Maximising income – we have recognised that ensuring local people claim all the social security benefits and tax credits that they are entitled to is vital and this has been a priority of ours for over 30 years.

In the current situation it is even more important both to ensure people can cope with rising costs and access the government support that is available. In 2023/24 people receiving means-tested benefits are entitled to a £900 cost of living payment, paid in three instalments. We know that locally Pension Credit is hugely under-claimed, and we will do what we can to encourage those entitled to claim it. We are delighted that Stoke-on-Trent City Council are looking seriously at benefit take up initiatives.

Personal Independence Payments and Attendance Allowance are less under-claimed but there are still disabled people missing out on these benefits and thus will miss out on the £150 Disability Cost of Living payment due in the Autumn.

Alongside this we work hard to ensure those who need it can access the emergency and crisis support available such as foodbank referrals, fuel vouchers and the household support fund, as well as other charitable support to help with a wide range of costs.

This includes accessing schemes such as Severn Trent's Big Difference scheme, which supports vulnerable customers with their water charges. The figures below show how big an impact that can have.

Between April 2022 and March 2023, we have helped people:

- *access **£5.8 million** of additional benefits.*
- *access **£2.3 million** of other financial help including emergency and energy-related payments.*
- *write off **£1.2** million of debt.*

Minimising unnecessary spending – this is a staple part of debt advice and increasingly the money management support we provide. It involves agreeing a sensible monthly or weekly budget with clients, to ensure they can cover their essential expenses. This may involve looking at subscriptions and other spending that may not be essential and can be stopped.

It also involves looking at better deals on essential items, such as eligibility for social tariffs for broadband services and money saving around water and other similar costs.

Optimising energy use – before October 2021 a large part of this was helping clients find a better deal on their gas and electricity accounts. However, since then there has been no effective price competition in the domestic energy market and this area of work ended.

Instead, we have focused on energy saving measures, including referring clients to other services who can supply and fit physical improvements to properties, advising on simple changes clients can make to reduce their energy use, advising on the support clients can access through their energy supplier and on the schemes available such as the Warm Homes Discount and Priority Service Register.

Some people with complex circumstances need expert advice and are especially harshly hit as "Tom's" case, below, shows. Here coping with the cost-of-living crisis is complicated by the effect of having to migrate to Universal Credit. In this case the combined effect of the benefit changes and changes to cost of living payments can leave some of the most vulnerable people worse off.

"Tom" lives alone and receives Personal Independence Payment (PIP) for both his care and mobility needs. During 2022/23 he moved to Stoke from the East Midlands and therefore had to claim Universal Credit (UC) instead of staying on Income Related Employment and Support Allowance (IRESA).

In 2022/23 this move left "Tom" £78 a month worse off because UC is less generous in respect of disabilities than IRESA had been, despite providing some transitional protection to help people cope with the change.

In April 2023 benefits were uprated by 10% but this has not benefited "Tom" by anything like this amount when all his income is taken into account.

At the end of 2022/23 his Universal Credit entitlement was £1,106.43 pcm. On top of this he received £679.90 PIP and the equivalent of £108 pcm of cost-of-living support (even though these payments were not paid monthly).

This totalled £1,894.33, of which £297.24 a month was paid to his landlord to cover his rent and £14.59 pcm to the DWP to repay an advance payment.

From April 2023 "Tom's" UC remains at £1,106.43 a month because the transitional only keeps his UC at the same rate as it was when he claimed, as that was higher than the amount, he would have received had he claimed UC for the first time. It will remain there until the amount he would get on a first claim catches up and overtakes this amount. The effect is to keep "Tom" on the same income for several years, denying him any increase.

However, "Tom's" rent rose by 7% in April and his UC housing element was increased to cover this, but this only reduced his transitional element by £90 a month, the amount of the rent increase.

His PIP did increase by 10% to £748.58 pcm, but his cost-of-living support reduced to the equivalent of £87.50 pcm.

Overall, taking all these into account, he is £27.46 pcm (£6.33 a week) better off in 2023/4 compared to 2022/23, which is equivalent to 1.7% of his monthly disposable income and a long way below the rate of inflation.

8. Conclusions and Recommendations

As this report demonstrates the Cost-of-Living Crisis is a multi-faceted issue. While there has been much attention focused on energy bills, rising inflation increasing the cost of food and other essential items and rising rents add further pressure to household budgets already stretched to breaking point. Each issue would be serious enough on their own, but when they come together the impact is massive.

This is clearly an issue of major concern for local people many of whom are struggling to cope with the rising cost of energy. We have spoken to many clients who switched off their heating as soon as the weather warmed up in the spring, as they cannot afford to pay their bills, and are, once again, extremely anxious about switching it on again later in the year.

Add to that the pre-existing circumstances of a poor city, with many sub-standard and thermally inefficient homes, inflation at levels not seen for fifty years and rising interest rates and it is hard to see how many people in the city, in particular, will cope in the coming months without major improvements in the support available and major changes to the domestic energy market.

The deepening crisis also raises serious questions about whether there can be a genuine market in domestic energy in the future. The current arrangements of state-sanctioned price fixing clearly denies customers any benefits of a functional market. Any variations to the price cap prices are emerging very slowly and tentatively and tend to be only for suppliers' existing customers.

There is only so much we and other organisations can do to help people: we can maximise their income, help them make their money go further and share advice and tips on improving their energy usage but if that sometimes feels like building sandcastles in the face of a tsunami then that is because the scale of the problem is so huge.

The current support provided by government and the recent uprating of benefits and the National living Wage in line with inflation, are welcome. A simpler set of additional support payments will help, but as demonstrated above, the overall support is falling in net terms, as historically high prices persist not just for gas and electricity but also for food, rent, mortgages and many other essentials.

Locally water charges rose by 7.2% in April 2023, adding further pressure to hard pressed budgets.

This is clearly a crisis as serious and persistent as COVID, that threatens the health and welfare of many people across North Staffordshire and beyond. The response therefore needs to be bold and proportionate.

The measures we are proposing will be expensive. Not implementing them will also be expensive, probably more so, with additional costs falling on the NHS, social care and other public services. The choice is still not whether or not additional money is spent, but how much, when and where.

Therefore, we recommend:

1. An immediate cost of living supplement of £20 per week paid to every household receiving Universal Credit or Pension Credit in addition to the April uprating and the £900 payment.
2. More generous targeted cost-of-living support than is currently in place and for the current payments to be continued for as long as inflation remains above target and the energy price cap remains above the October 2021 level.
3. An unfreezing of and increase equal to CPI in the Local Housing Allowance.
4. The reintroduction of some form of rent regulation to keep proposed increases affordable.
5. The government to make good on its promise to repeal Section 21 of the Housing Act and end no-fault evictions as a matter of urgency.
6. The introduction of a social tariff for vulnerable customers' domestic energy bills that is set on a sliding scale linked to means-tested benefits and focuses the cost on unit charges rather than the standing charge.
7. That Ofgem take steps to reduce the price cap further and other measures to reintroduce price competition into the domestic energy market.
8. The continuation of locally distributed crisis funds as a safety net for those customers who risk losing essential services despite the measures listed above.
9. Investment of funding in targeted benefit take up campaigns to help boost incomes, focusing on means-tested and disability benefits.
10. Increased investment in renewable energy.
11. Increased investment in improving the thermal efficiency of the local housing stock.