

Cost of Living Crisis

Local Context and WBC Council Response
7th December 2022



Summary



- Food, fuel, housing and energy account for almost two thirds of the increase in inflation.
- Compared to other areas in London and England, Wandsworth residents are relatively better placed to face Cost of Living challenges. But many residents are facing considerable financial hardship.
- Those already struggling on low or fixed incomes will be impacted the most – areas of higher income deprivation in Wandsworth and areas with higher number of residents on benefits, in fuel poverty, concentration of pre-payment meters and children on free school meals.
- For many this will be first time they need support with finances and will not have experience of applying for benefits or seeking financial advice and assistance.
- Elements of health and wellbeing will be negatively impacted by the Cost of Living situation such as mental health through anxiety and diet/nutrition.
- Groups impacted the most will be those with lower incomes and savings – Low income private renters, low income social renting families, low income older residents, and low income families with mortgages.

Details of support available in the borough be found on [Wandsworth Cost of Living Hub](#)

Drivers and Impacts



Energy

Attributed largely to supply/demand issues and impact of the Russian invasion of Ukraine, wholesale energy prices increased rapidly from the second half of 2021 onwards. This winter, household **energy bills will cost nearly double** what they did last winter, even with the government's Energy Price Guarantee. The Energy Bills Support Scheme should help to reduce bills further but households that pay direct debit with average energy consumption will still pay £800 more than last year ^[2]. Non-direct debit and pre-payment meter customers face higher costs.



Transport

The **cost of fuel has increased** as suppliers have struggled to keep up with increasing post-pandemic demand for crude oil and the pound's weakness against the dollar (petrol and diesel are traded in US dollars) has contributed to the expense. The cost of to fill up a family hatchback increased from approximately £61 to £92 between July 2021 to July 2022 ^[3].



Food

In addition to increased energy and transport costs involved in food production and logistics, reduced cereal exports from Russia and Ukraine have seen **food prices rise by 14.6%** in the 12 months to September 2022. Without promotions, the same basket of food costing £43.52 in April 2022 costs £49.91 in October 2022 at one of the UK's leading supermarkets ^[4].



Housing

Landlords leaving the market to sell their properties during the post-pandemic housing sale boom and renters re-entering as London recovers from the pandemic has pushed up private rental prices. In London, rents collectively increased by 2.8% in the 12 months to September 2022 ^[5], though the asking **rent for properties new to the market has increased by 19.3%** in Inner London in the year to Jul-Sep 2022 ^[6]. Interest rate hikes are leading to higher mortgage rates – the costs of which could further impact stretched homeowners, and private renters as landlords pass on costs.

Who is impacted?



- Those already struggling on low or fixed incomes will be hardest hit by the increases in the Cost of Living the following profiles focus on groups within the borough that have low household incomes and few savings to fall back on.
- The groups are intended to contextualise the pressures captured earlier in this presentation – increasing housing costs (for private renters and mortgagors), rising energy costs, the additional pressures of feeding a family or being isolated and elderly.
- The groups have been generated by combining population segments that share the same characteristics from CACI Household Acorn data – using what is known about these segments nationally and combining that with the volume and distribution of these segments within the borough, we have estimated the total size of the group and pulled out their likely key features.
- The two lowest income categories from CACI Household Acorn data were used to generate the groups – the maximum net household income of any population segment included was £28,322.
- The groups are mutually exclusive

Group 1: Low income private renters

7,917

Approx. number of households for private renters with low income and low savings from CACI household 2022 profile data*.

£24,980

UK average **Net household income** for households of this type

Avg. Property type

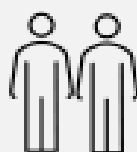


**2 bed private
rented flat/
maisonette**

**Largest age
group**

25 - 34

2 person Household



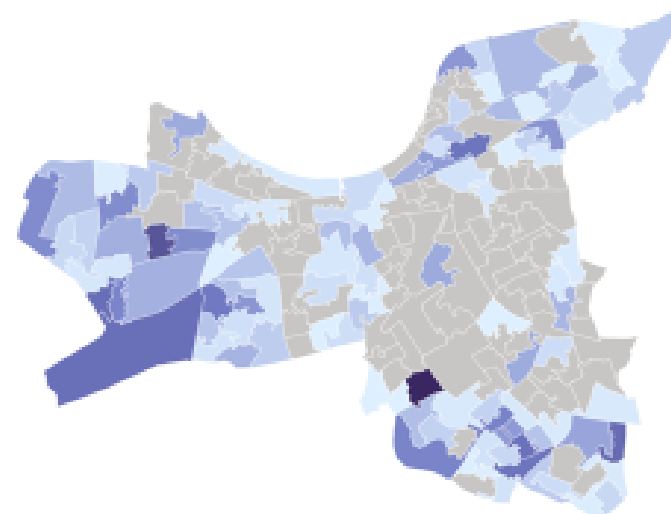
**Couples without
children/
Some families**

NO Savings



56%

309 (4%) Estimated single parent families



Concentrations of low income private renters are expected in:

Roehampton
West Hill
Latchmere
Tooting
Furzedown
Ashburton Estate

Main cost of living pressure point(s):

- Private rental costs (especially if they move to new rental accommodation). Housing insecurity.
- Energy costs (especially for those working from home).
- Public transport costs for travelling to work.

Group 2: Low income social renting families

13,529

Approx. number of households in the low income social renting families category from CACI household 2022 profile data*.

£24,388

UK average **Net household income** for households of this type

Avg. Property type



3 bed flat/
maisonette

Largest age
group

35 - 49

3-4 person Household



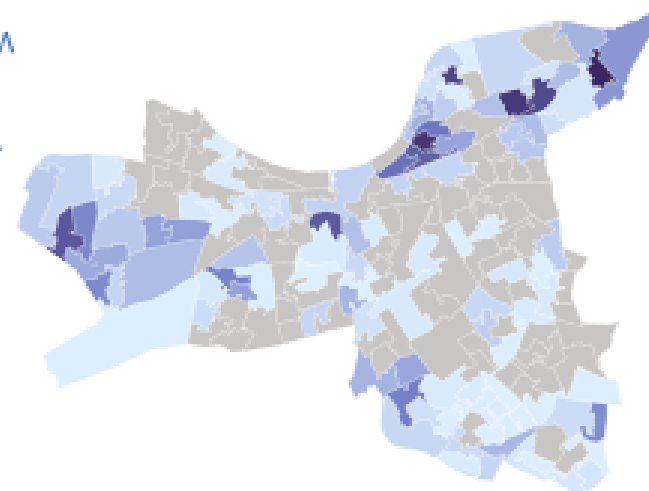
Families/
Couples with
1-2 Children

NO Savings



61%

940 (7%) Estimated single parent families



Concentrations of low income social renting families are expected in:

Patmore
Doddington
Latchmere
Roehampton
West Hill

Main cost of living pressure point(s):

- Energy costs (possibly prepayment meters or payments not made by direct debit).
- Food costs (with dependants to feed).
- Costs associated with child care.

Group 3 – Low income older residents

5,561

Approx. number of households in the low income older residents category from CACI household 2022 profile data.



£19,606

UK average **Net household income** for households of this type

Avg. Property type



1 or 2 bed



social rented flat/
maisonette

Largest age group

75+

1 person Household

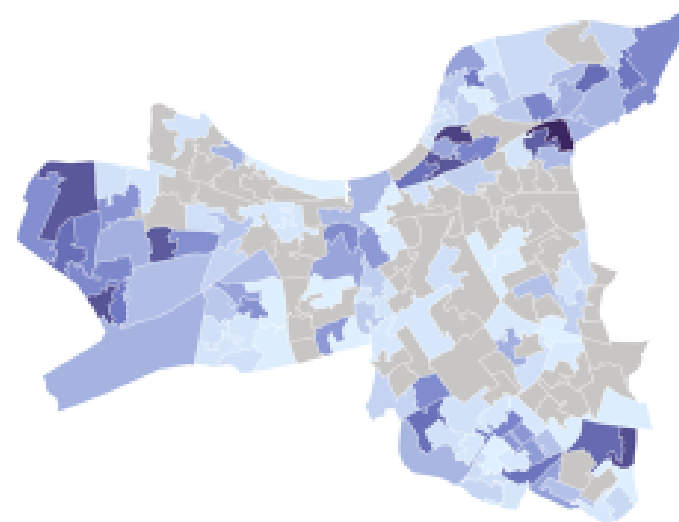


Singles and
some couples,
no children

NO Savings



62%



Concentrations of low income older residents are expected in:

Latchmere
Lavender Hill
Roehampton
Furzedown
Tooting
Ashburton Estate

Main cost of living pressure point(s):

- Energy costs as more heating is required to keep warm for age related health and wellbeing.
- High proportion of this group will already have health conditions and many affected by isolation.

Group 4: Low income families with mortgages

1,064

Approx. number of households for families with mortgages with low income and low savings from CACI household 2022 profile data.

 **£24,374**

UK average **Net household income** for households of this type

Avg. Property type

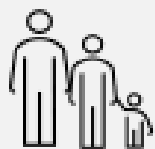


3 bed terraced
House

**Largest age
group**

35 - 49

3-4 person Household



Families/
Couples with
1-2 Children

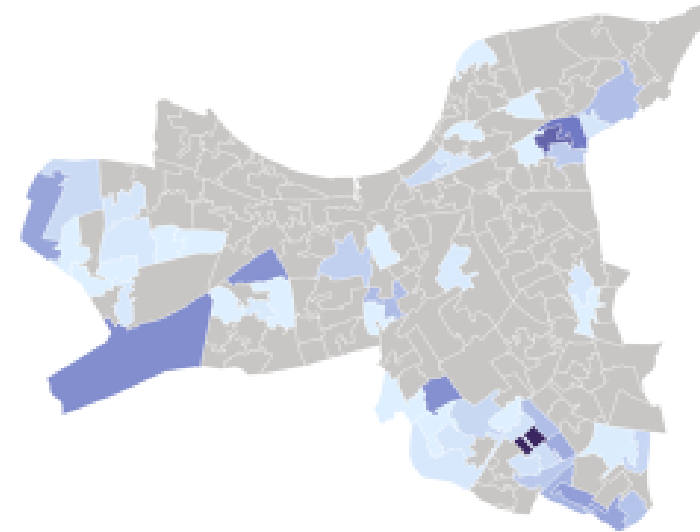
NO Savings



41%



36 (3%) Estimated single parent families



Concentrations of low income families with mortgages are expected in:

Lavender Hill
Tooting
Putney vale
Roehampton

Main cost of living pressure point(s):

- Fixed term mortgages ending and rates have risen or another fixed term mortgage cannot be secured.
- Costs associated with child care.
- Energy costs (especially for those working from home).
- Cost of maintaining a vehicle / driving to work.

How is the Council Responding ?



- ▶ The Council has approved £5m to support residents, communities and businesses. So far allocated £1.4m.
- ▶ The response is focused on 8 priority themes.
- ▶ The extent of the challenge requires close working with partners to make best use of resources in unprecedented circumstances.
- ▶ Also need to understand from local communities what issues are the most pressing and what support would make the most difference.
- ▶ Current plans are just a starting point for action, that will be adjusted and refined based on feedback and emerging intelligence.

**Data &
Analytics**

**Cost of
living Hub**

**Warm
Spaces**

**Warm
Homes**

**Financial
Resilience**

Food

**Community
Resilience**

**Wellbeing
and
Inclusion**

1. Data & Analytics

The council is using data and analytics to identify vulnerable households in need of support and to enable targeting information and services.



Key Priorities:

- (1) Adopting LIFT tool to identify and support low-income families.
- (2) Developing a single view of debt and arrears.

2. Cost of Living Hub



<https://wandsworth.gov.uk/cost-of-living-hub/>

- ▶ Virtual Cost of Living hub brings together info on topics related to the cost of living. Hub is being updated regularly as support is extended / new information emerges.
- ▶ COL hub phone number launched with menu to triage services.
- ▶ In early Dec an information leaflet was published in Brightside Magazine and delivered to every household and targeted locations.
- ▶ Ongoing comms and signposting to help, seeking to break down barriers and motivate people to seek help.



3. Warm Spaces



- ▶ Aiming to provide access to a network of safe, welcoming community spaces where residents can keep warm and access other services.
- ▶ Includes both spaces in Council-run facilities and those in voluntary sector, community-led or faith venues.
- ▶ The Council is advertising local warm spaces via an online directory on the Council's website and encourages local venues to register.
- ▶ More information on warm spaces can be found on the Cost of Living Hub



4. Warm Homes

- ▶ Ensuring more residents live in energy efficient and affordably warm homes.
- ▶ Looking at options for expanding winter warmth service to provide additional capacity over the winter months.
- ▶ Additional funding underway to carry out increased engagement and outreach work on energy efficiency and support on energy bills.
- ▶ Energy efficiency packs to be distributed to residents in need



5. Financial Resilience

- ▶ Aimed at reducing financial pressures on households and preventing crisis.
- ▶ Various Council teams provide support and advice around income maximisation. Looking at training of wider workforce in financial resilience issues.
- ▶ Funded additional advice workers in Citizens Advice Wandsworth.
- ▶ Expanded Discretionary Social Fund including additional one off Winter COL Payment.
- ▶ Looking at how various financial support schemes offered by the Council can be more accessible and easy to apply for.
- ▶ Money Management Training for Work Match clients.
- ▶ LIFT platform will enable targeted benefit uptake campaigns.



6. Food Support



- ▶ Aims to support residents in or at risk of food poverty to access affordable food.
- ▶ New Children's School Food Strategy.
- ▶ Promoting uptake of Free School Meals & Healthy Start, including using data to target eligible families.
- ▶ Food provision initiatives funded through £150k Capacity Building Fund.
- ▶ Food provision is one of the priorities identified within the £200k Warm Space and Food Grant Fund.
- ▶ Providing access to food in Children's Centres as part of the Warm Spaces offer.
- ▶ Increasing funding for some lunch clubs.



7. Community Resilience



- ▶ Working with local voluntary, community and business sectors to increase their resilience to cost of living impacts.
- ▶ Establishment of the £150k grant funding pot for VCS Capacity Building and £200k Warm Spaces and Food Grant Fund VCS COL response.
- ▶ SME Resource Efficiency Support - direct support and advice to local small and medium businesses



8. Wellbeing and Inclusion



- ▶ We know the crisis is likely to impact not only personal finances, but also individual health and wellbeing, including mental health.
- ▶ Wide range of activity to tackle barriers to participation and wider impacts, e.g.:
 - ▶ Free school uniforms
 - ▶ Housing employment team supporting Council tenants
 - ▶ Support for victims of domestic abuse through new Economic Abuse and Mental Health Independent Domestic Violence Advocate
 - ▶ Increasing accessibility of lower cost transport options



Next steps

- ▶ Continuing to allocate the remaining funding based on emerging intelligence and feedback.
- ▶ Closely monitoring impact of funding allocated so far.
- ▶ Need feedback and input into the ongoing development of the COLC response.



End of Slides