

# Supporting Sheffielders through the cost-of-living crisis

Sheffield City Partnership Board



# Current position

## What is the latest situation?

- Inflation is currently running at 10.1% (July figures) and the Bank of England have forecast that it will reach 11% in October and stay high over the coming months. Other analysts (Citigroup) have forecast inflation rates of over 18% next year.
- High food and fuel prices hit poorer people hardest and the inflation rate amongst the poorest fifth of households is estimated to be 18% by October 2022 compared to 11% for the richest fifth (IFS).
- Ofgem announced on 26 August that the energy price cap would rise by a further 80% from October, following previous rises in the price cap. This equates to a 178% rise in the price cap from this point last year, and means that, on average, energy bills will be £3,549/year (before recent Government interventions)
- The Bank of England has forecast the economy to shrink by 0.1% between July and September expects the economy to enter recession later this year.
- In response the Bank of England have raised interest rates to 2.25%, to try to dampen demand and thereby bear down on inflation. The Government have also announced that energy bills will be capped at £2,500 for an average household (still a large increase from previous levels)

# National real time situation (Citizens Advice)

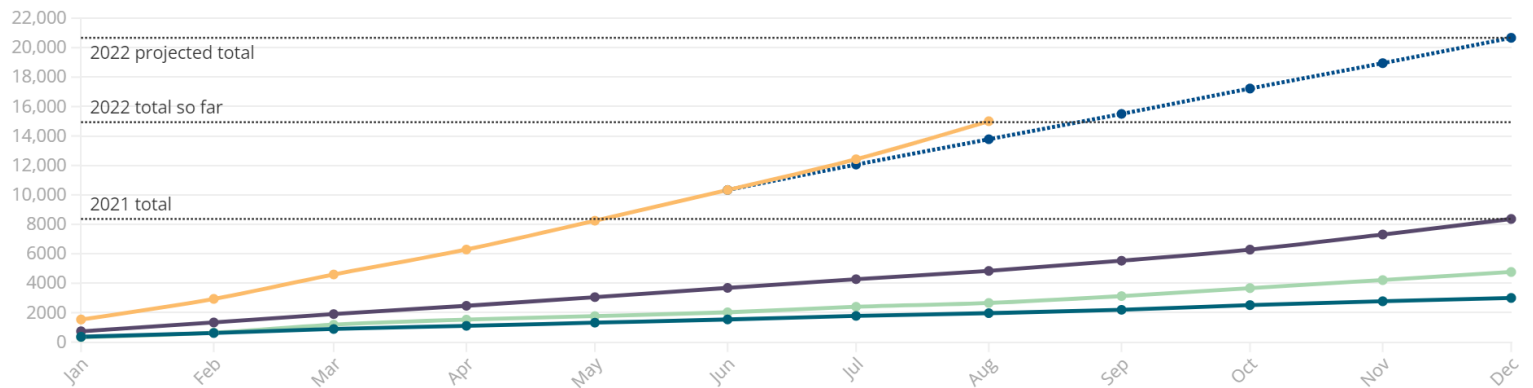


We're continuing to overshoot projections for the number of people coming to us who can't afford to top up their prepayment energy meter, and therefore can't do the basics like turning on their fridge or heating their hob. We'd usually see these numbers in winter, showing how difficult the situation is for many on the ground.

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## Cumulative number of people we've seen who've been unable to top up their prepayment meters each year

■ 2022 (Projection) ■ 2022 ■ 2021 ■ 2020 ■ 2019



Data for England Wales. 2022 projection based on average monthly cases in the first 6 months of 2022 (1st January to 31st June). Due to changes in the way we count this metric, we have slightly revised the monthly figures for the most recent release.



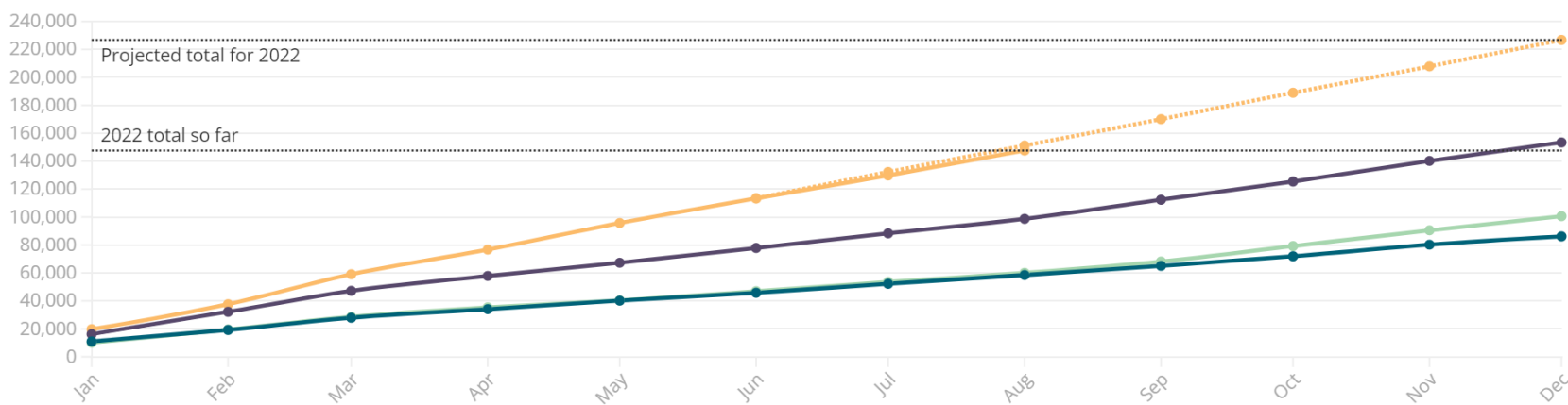


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The energy price crisis has been unprecedented. That fact is stark in our data. By the end of August, we'd nearly helped as many people with energy issues as we did for the whole of last year.

### Cumulative number of people who we've helped with energy issues each year

2022 2022 (Projected) 2021 2020 2019



This includes a range of issues, including energy bill affordability, debt recovery action, issues with billing and customer service. Data for England and Wales. 2022 projection based on average monthly cases in the first 6 months of 2022 (1st January to 31st June). Due to changes in the way we count this metric, we have slightly revised the monthly figures for the most recent release.





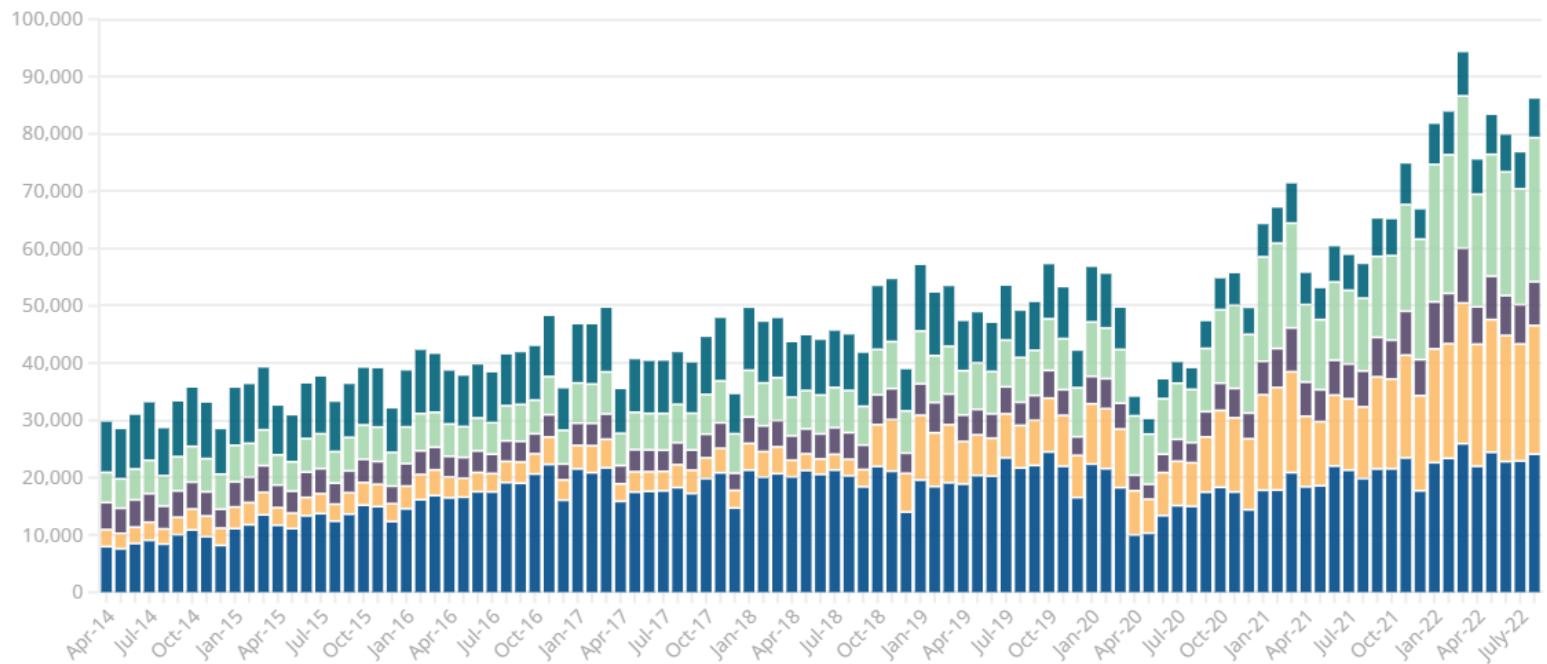
The crisis is also unprecedented in a longer view. This chart shows the trend for some of our key cost-of-living issues over the past decade, based on the number of people we helped with these issues each month. Use the drop down menu to explore trends for each issue.

After drops in the number of people coming to us with cost of living issues in June and July, these contacts rose again in August.

### Trends of 5 key cost of living issues since 2014

Five key cost of living issues ▼

Personal Independence Payment (PIP) Energy Energy Debts Charitable Support and Food Banks Council Tax Arrears



Personal Independence Payment (PIP) is a disability benefit that helps disabled people with the additional costs they face. Delays and difficulties with this benefit system have long been a significant challenge for the people we help, and March saw the biggest demand for these issues since the pandemic began. Data for England and Wales.



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People can come to Citizens Advice with any problem they face - whether it's cost of living related or not.

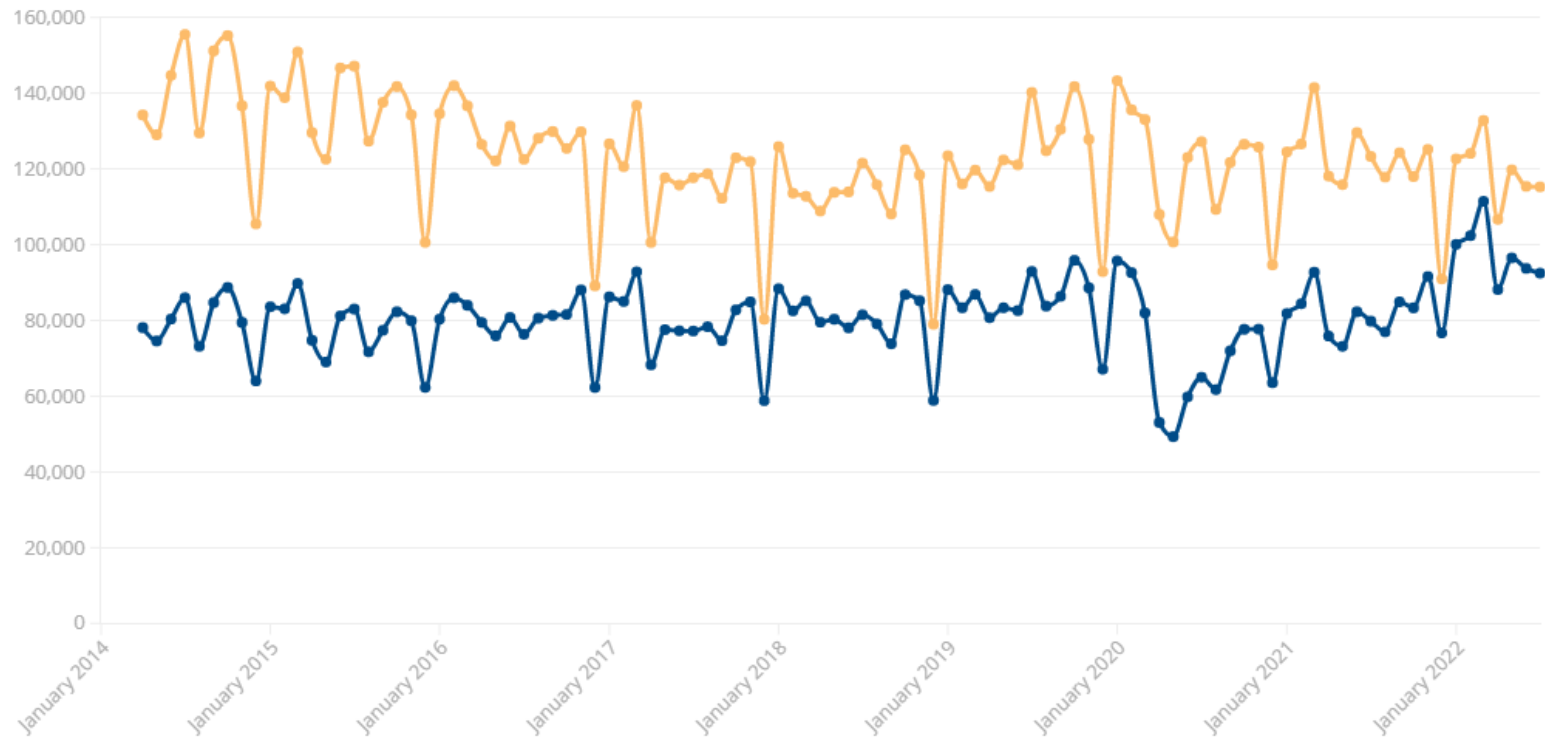
This year, as costs continue to soar, the gap between the number of people we're seeing with cost of living issues vs other issues has narrowed.

Certain groups of people we're helping are struggling more with cost of living issues. For disabled people, we continue to see more people with a cost of living issue than for all other issues.

### The cost of living split

**Everyone** Disabled/Long-term health condition People of colour White people Women Men

■ Cost of living issues ■ All other issues





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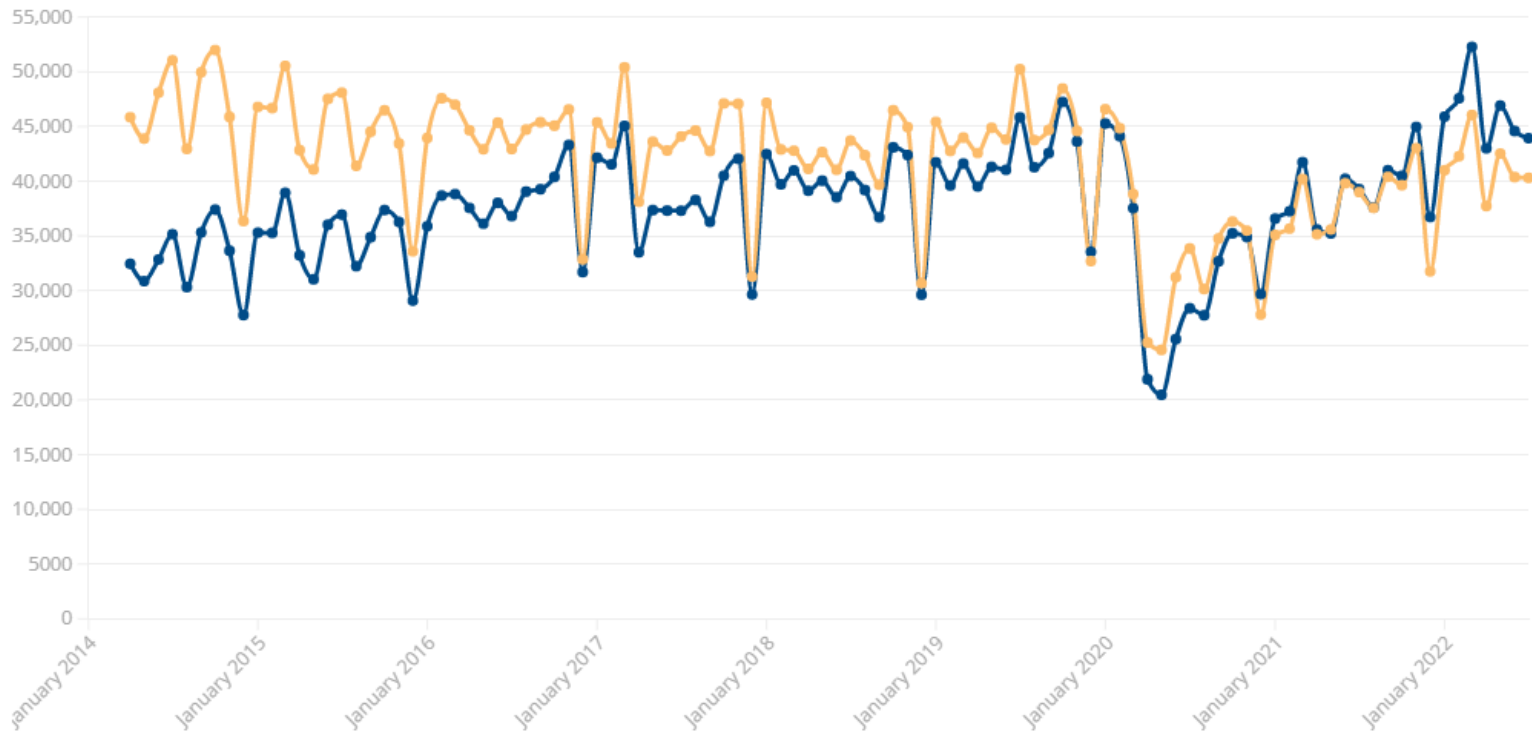
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There's a couple of ways our data shows the circumstances of people in particular crisis. One example is when people are in negative budgets - meaning they have more essential spending going out than they have income coming in.

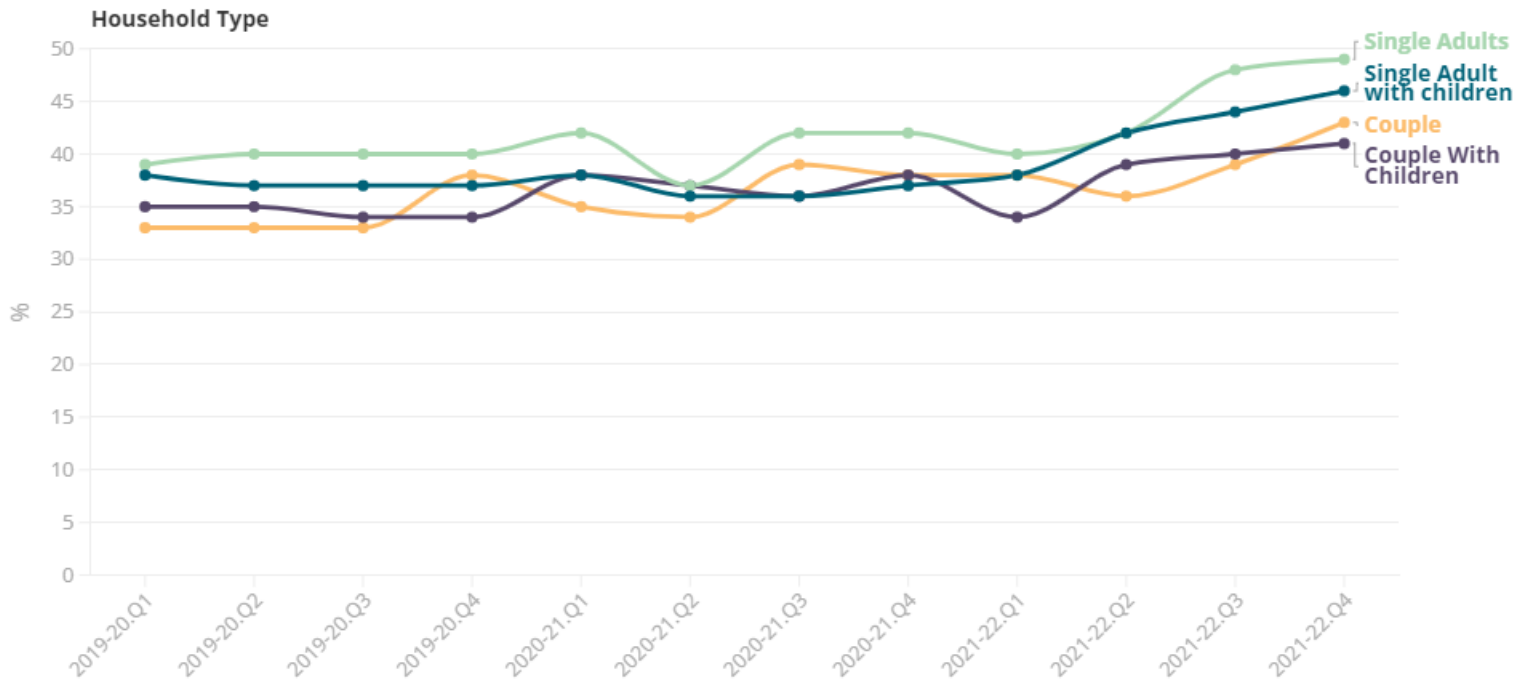
We've never seen a higher proportion of people in a negative budget. This chart shows the trends for this measure for particular demographic groups.

We'll update this chart every few months, as our debt advice data is more difficult to process.

### Proportion of people we help with debt issues in a negative budget by demographic group

Someone is in a negative budget when their necessary expenditure exceeds their income.

Household Type ▾



For more insight into negative budgets, look at our [In the Red Index](#). • Data for England and Wales. Next update in October 2022.



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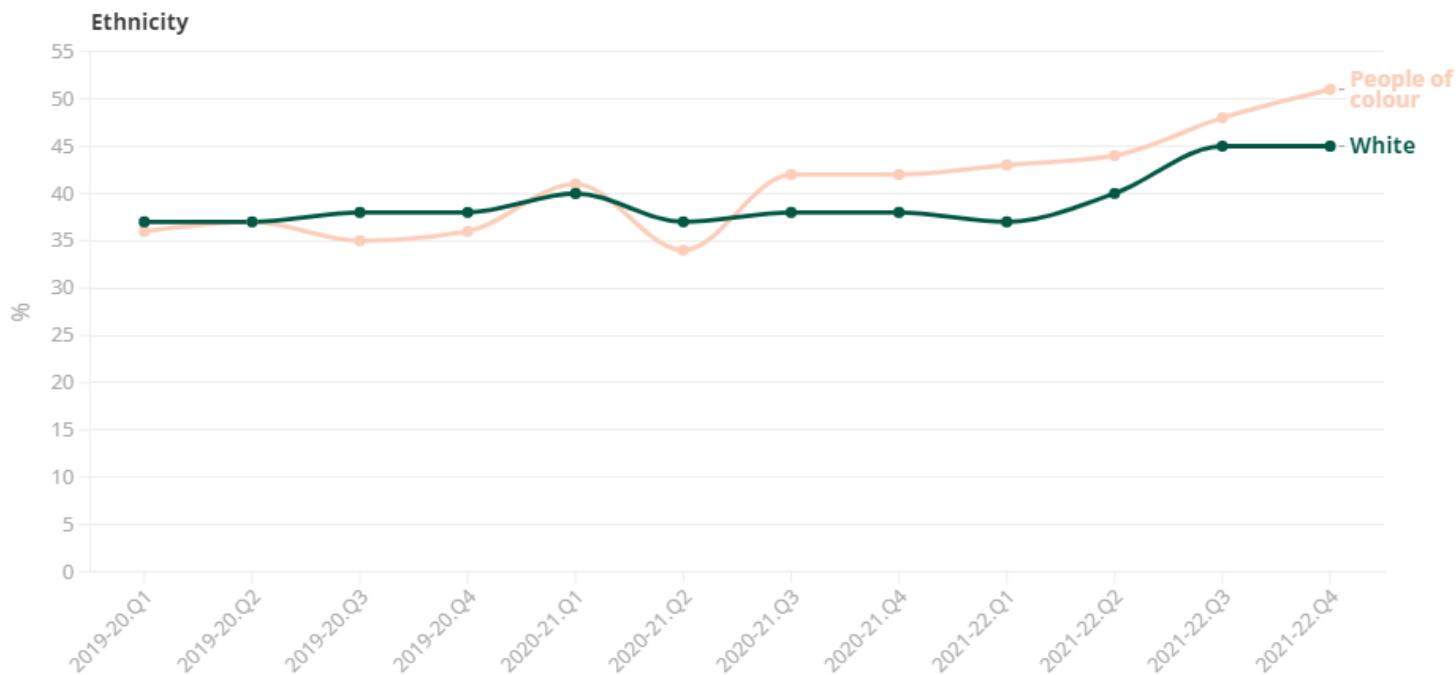
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Ethnicity



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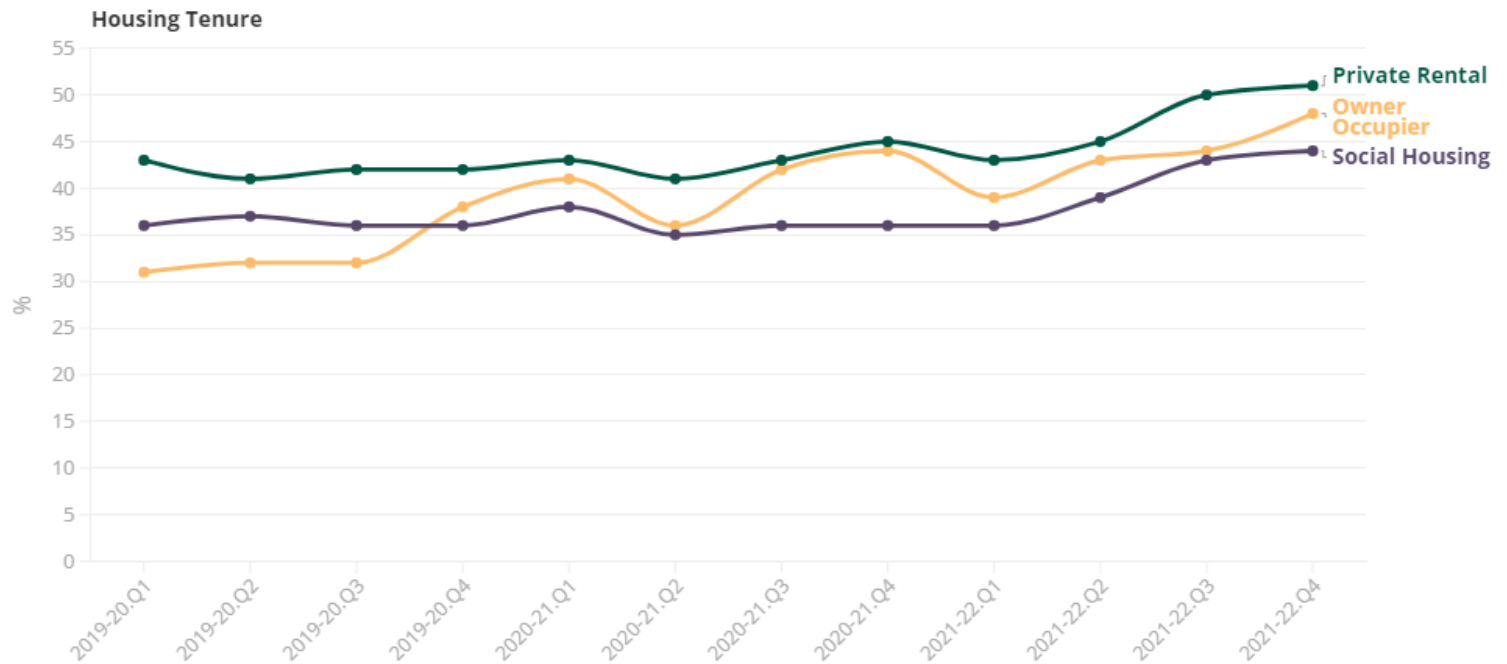
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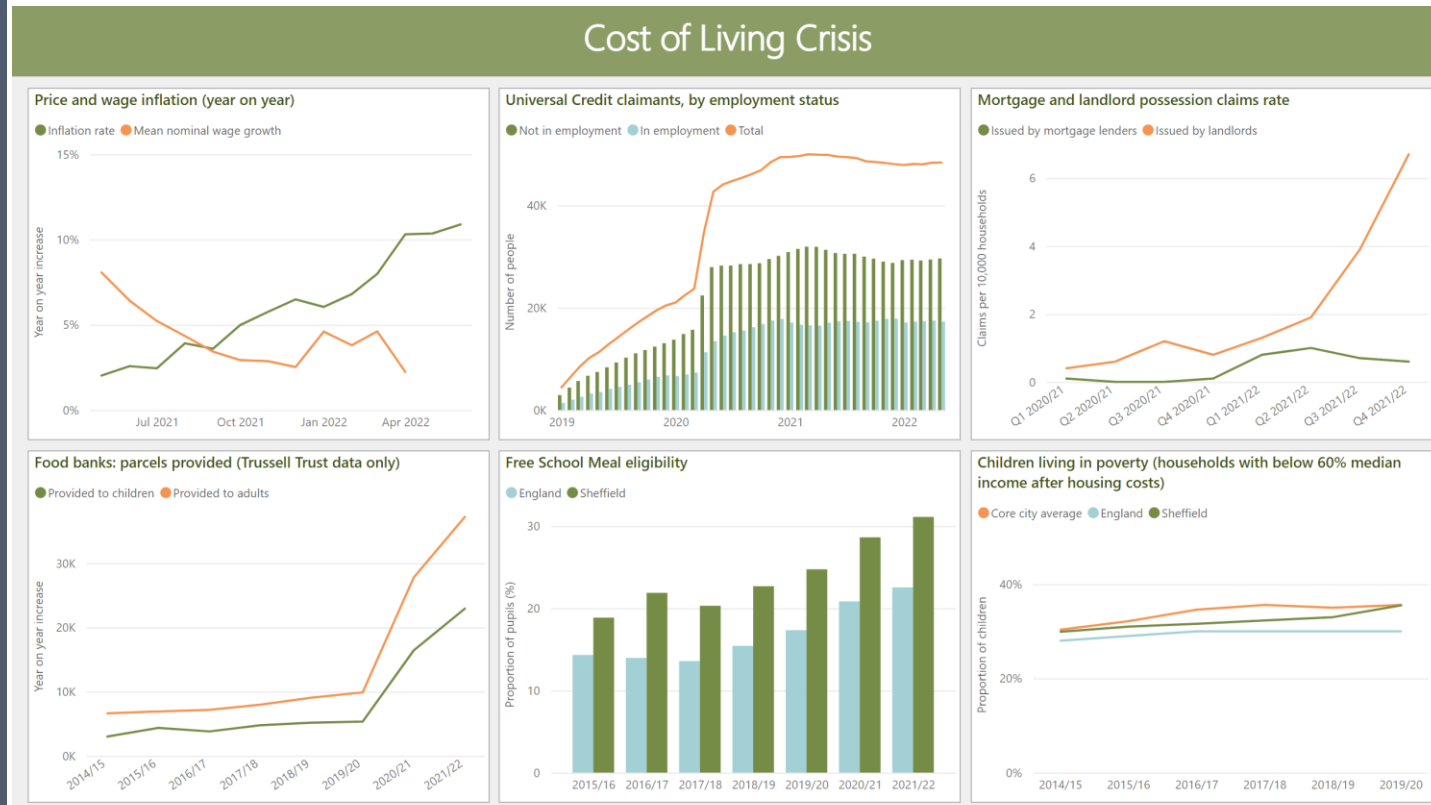
Housing Tenure ▼



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# What does this mean in Sheffield?

Our data is lagging – we have little real-time quantitative data as it stands but the long-term picture is one of increased poverty/hardship

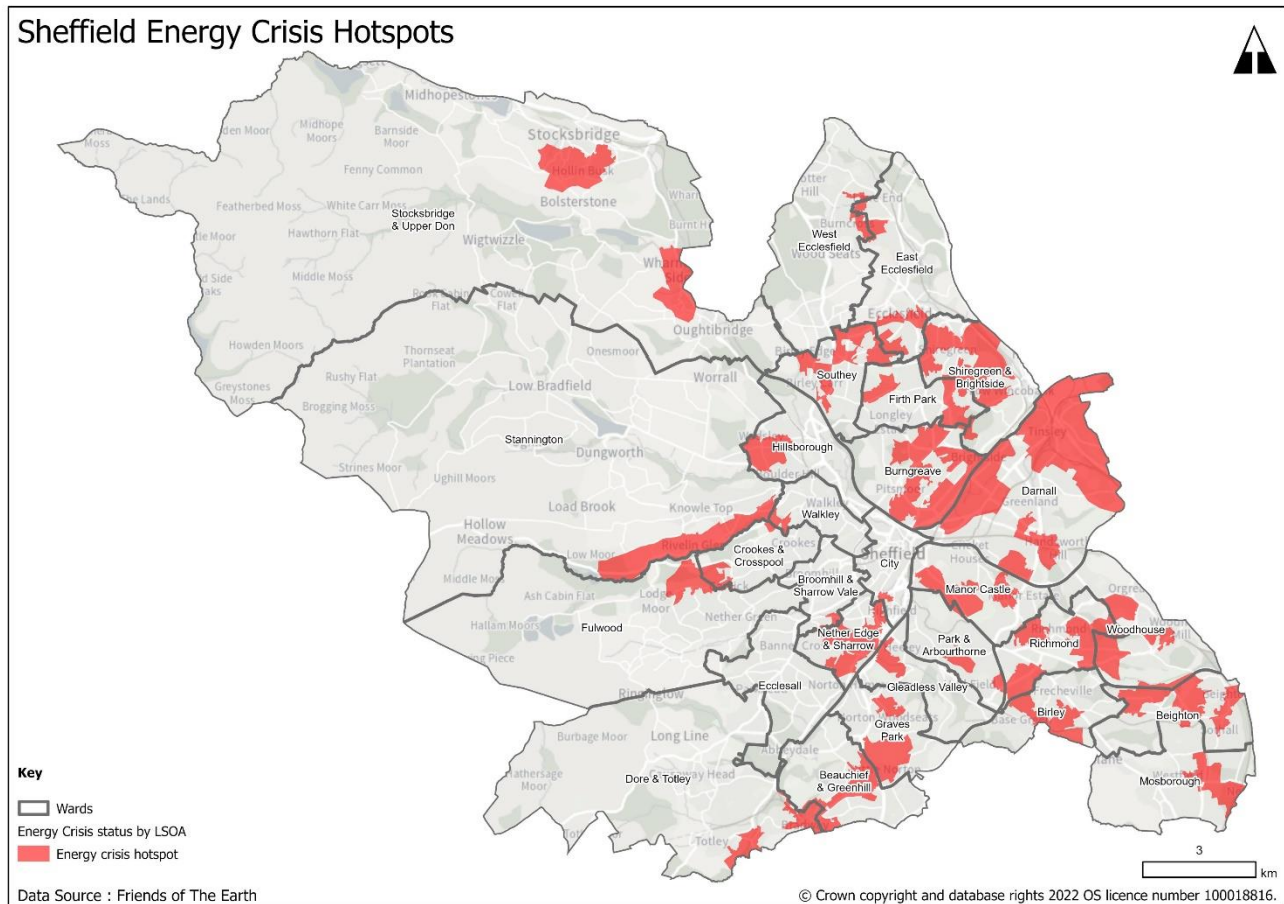


## Hotspots

- Friends of the Earth have undertaken some analysis to identify ‘energy crisis hotspots’ based on areas with lower than average income, higher than average energy use, average level of bills prior to October ’22, and level of home insulation
- Sheffield is the 24<sup>th</sup> most affected local authority with 76 identified hotspots
- Nationally, hotspots have higher numbers of children than the average and BAME people are twice as likely to live in these areas.
- We have access to the data from FoE and it demonstrates the citywide impact of the crisis – impacting on neighbourhoods with:
  - high deprivation and low incomes
  - More affluent areas with larger, poorly insulated homes

<https://mapst.ac/foe/fuel-affordability-simple#11.73/53.3193/-1.497>

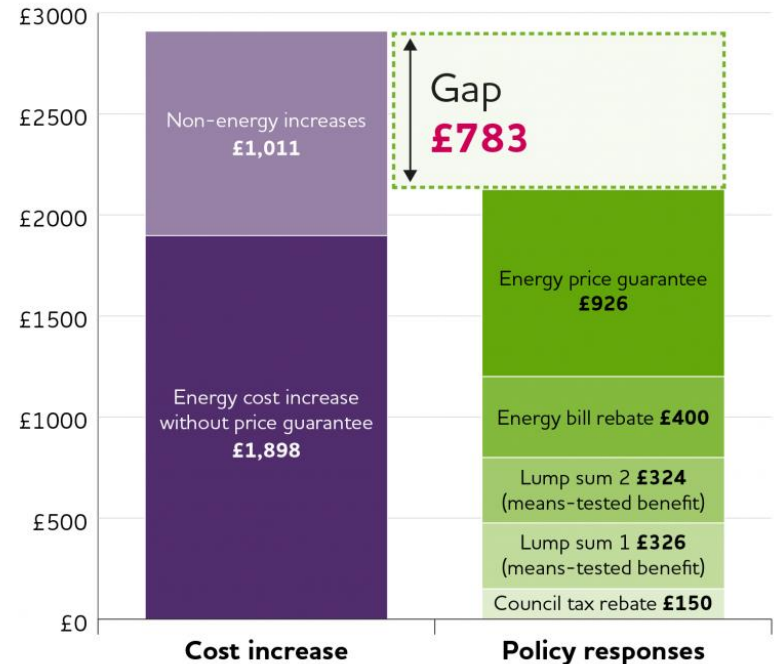
# Energy Crisis Hotspots (Friends of the Earth analysis)



# Latest Government Interventions

**Resolution Foundation:** the package of support will protect families from the peaks that energy bills were set to rise to but will not prevent this winter feeling much tougher for families than they are used to. Pre-payment meter customers will still need to find £264 in cash this January for that month's energy alone, down from £550 had the government announced no more support.

Comparing increases in the cost of living for low-income families between 2021/22 and 2022/23 with Government policy support



Source:  
JRF analysis using Cornwall Insight  
price cap forecast, 8 September 2022

**JRF** JOSEPH ROWNTREE FOUNDATION

## Current expectations

- The latest data, along with our long-term rising poverty rates, suggests that the winter ahead is going to be hard for **most** households in the city, with most needing to cut back on their usual discretionary expenditure
- It is likely to become much more difficult for **a significant subset of these** (including - but not limited to - those currently receiving benefits) – and we can expect to see households having to make decisions between heating, eating and other necessities (e.g. paying rent)
- There will also be knock-on impacts for businesses and the wider economy both because of their exposure to rising energy and other costs (the cap announced for businesses is only for 6 months) and because of reduced consumer spending
- From a service delivery perspective we are expecting to see:
  - More defaults on Council Tax and housing rents
  - Increased homelessness presentations
  - Increased housing disrepair
  - Potential for increased domestic abuse, children’s safeguarding referrals and other issues that are closely associated with poverty and/or financial crisis



# Cost of Living Incident Management Response

# Cost of Living Crisis Strategy

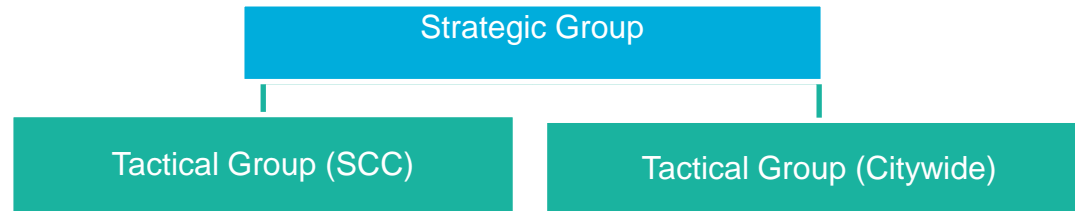
## Aim

Work with the people and communities of Sheffield through the Cost of Living crisis to help mitigate the significant challenges they will be facing, with a particular focus on those who are struggling the most.

## Objectives

1. Support people to make the best possible choices about how they use the income they have
2. Help people maximise their income further (including but not limited to benefits maximisation)
3. Provide a central place to gather information about the scale and nature of the crisis, especially how it is developing over time, in order to prioritise actions and to amplify personal stories
4. Do what we can to ensure that emergency support is available when people are in financial crisis
5. Co-ordinate support for the people and communities that need it the most
6. Put people experiencing the cost of living crisis at the heart of Sheffield's approach to recovery and delivering clean, inclusive growth including supporting people to respond to rising fuel prices, while preparing the whole city for long-term trends.

# Sheffield Cost of Living Incident Management Response



| Workstreams   |   |
|---|---|
| Communications and Information Sharing                    | Support for households (including Welcoming Spaces) |
| Whole-city approach                                       | Data and intelligence                               |
| Responding as landlord and creditor                       | Responding as employers                             |
| Responding to what matters to specific groups/communities | Support to businesses                               |

## Cost of Living Crisis – some actions from the live action plan...

- £150 Council Tax energy rebate
- A South Yorkshire Community Foundation Cost of Living fund taking donations, making small grants to community organisations, including food banks [Cost of Living Fund – JustGiving](#)
- ‘One Route In’ project to review SCC hardship schemes to simplify access to SCC crisis support (creating a ‘one route in’) direct people towards schemes that maximise their income beyond their immediate crisis.
- Communications and sharing information: including frontline worker briefing, Supporting Vulnerable People network, **Sheffield Money Support [website](#)** and a **‘Worrying about Money?’ leaflet** (link from [here](#))
- £200K Food Access Plan: direct support to help food banks access food, increase welfare and debt advice in reach of food banks and help link up food banks, community pantries and social eating projects.
- Welcoming Places: network of spaces across the city in which people can receive a warm welcome and spend some time.
- Data and intelligence: harnessing data and insight from all partners, national data and evidence, citizen voice and insight.

## Cost of Living Crisis Sheffield Response

- What more can we do to ensure that we are pursuing a collaborative whole-city response to this issue?
- How can we support this as a Board and as individual organisations? Including our roles as employers, support for communities, and support for the voluntary and community sector.