

Ashfield's cost of living crisis

The impact of the cost of living
in the District of Ashfield



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Introduction

As we head towards the winter of 2023/24, the cost of living crisis shows little sign of easing. A combination of increased energy, food, fuel and housing costs mean that many people are having to stretch their budgets further than ever before. This report uses the data collected by Citizens Advice Ashfield to examine the impact of the cost of living on our clients and communities, and looks at the support currently available and where this might be improved.

We've been keeping a close eye on the issues that clients come to us for help with, and we're now seeing a real increase in the proportion of clients coming to us for help with cost of living issues. It's likely that in the coming months we'll see more clients coming to us for help with the cost of living than for anything else.

Citizens Advice Ashfield has been at the forefront of supporting our community to manage through this crisis. We helped 4,396 people in 2022-23, with a total of 14,160 problems. Alongside supporting clients directly with the issues that they face, it's our responsibility to use the data we gather to raise awareness of the impact that the cost of living crisis and other issues have on our clients, sharing what we've learnt with decision makers to help inform the policies that will have a real impact on our local communities.

Note: This report makes mention of the need to increase benefits like Universal Credit and the Local Housing Allowance. This report was completed before the Chancellor's Autumn Budget. In the Budget, Universal Credit and the Local Housing Allowance were both updated.

Case study - Simon's story

Simon is 49 years of age, rents privately and has utility debts. He is also disabled and cannot work. He had been "*getting-by*" on his benefits, but when the global pandemic struck and the cost of living started to increase, he started to struggle financially to make his benefits stretch further. Simon has made a payment plan to repay his utility debts, but this will take years unless his benefits increase.

He has received support from the Cost of Living Payment, the Warm Home Discount, the local food bank and from the Household Support Fund. However, in Simon's own words, this:

"Helped temporarily when I have it, but it's not a regular thing so when it stops I'm straight back to the same situation".

Simon told us that ***"not being able to work through disability is bad enough, but the added stress of bills mounting up has had a massive affect on my mental health"***. The same could be said of Simon's physical health; ***"I have to cut down on everything, heating my home and food shopping"***. These energy cutbacks can have a massive detrimental impact on a human being's health, and Citizens Advice will always stress for people to stay safe and warm all year 'round, but with Simon cutting back on food and other essentials as well, this will all likely deteriorate his physical and mental health further.

"Energy bills are not going to go down very much so everything is still so expensive and being reliant on benefits I can do nothing to help my situation".

Simon felt that, while he was incredibly thankful for the service food banks can provide, with it being donated food, with him relying on the kindness of others makes him feel the UK Government could provide ***"say 6 months [of support] so you can get bills up to date and start afresh"***.

When our Adviser asked Simon if there was anything else he wished to say, he stated the following:

"I do not have any children and I am glad because I worry for the next generation".

The Cost of Living Crisis - key issues

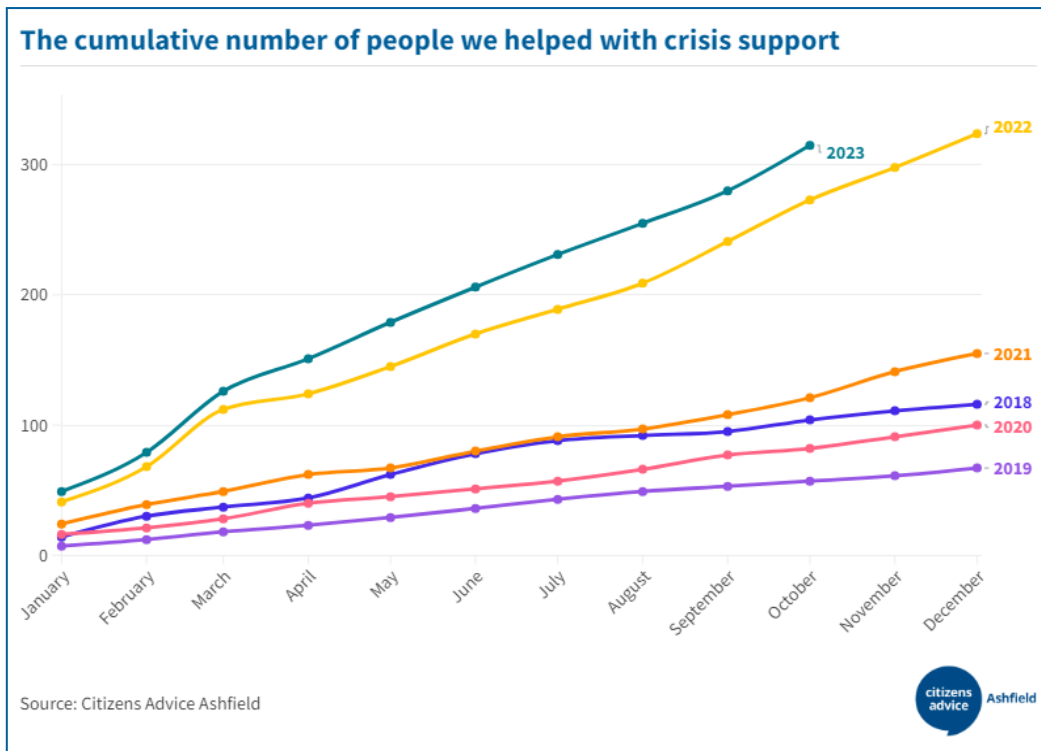
The case study demonstrates that where one thing goes wrong for a client, it impacts on many other aspects of their life. In this report we will look at some of the key related areas in which clients seek our help:

- Crisis support - referrals to food banks and other forms of support
- Debt
- Energy and fuel costs
- Homelessness and housing costs
- Welfare benefits

Crisis support

Citizens Advice is often the first place that people come to for help in a crisis, and we can provide access to food banks and other means of charitable support, such as access to the Housing Support Fund Phase Four, funded by the UK Government and managed locally by Nottinghamshire County Council. But we don't just give clients help in the short-term, we look at the problems that cause them to need help and support them to address these where possible.

We project that in 2023 more clients will have come to us for crisis support than in any previous year. In January and March this year we helped at least two clients every day who desperately needed short-term support to feed their families.



Our Early Intervention Worker works closely with our clients to better understand their problems and work with them to resolve or manage them. This work pulls in local government agencies as well as other charities like MIND, Framework and food banks. Our Debt Caseworker focuses on clients with very difficult financial concerns, while our Financial Reliance Worker attempts to manage our clients' budgets before they reach said level of concern.

Our General Advisers, made up of both paid staff members and volunteers, work from the office to provide advice or refer clients to the same sort of outside support as above. Our triage Receptionists are the first contact our clients speak with, and will either provide advice quickly, schedule appointments or recently carry out debt assessments.

Our Information Officers operate outreach centres in order to reach clients who may not be able to make it into our Kirkby-in-Ashfield office. Finally, our Volunteer Recruitment and Training Coordinator carries out said role and also identifies what other specific training is needed as well as what other training opportunities may be available/applicable.

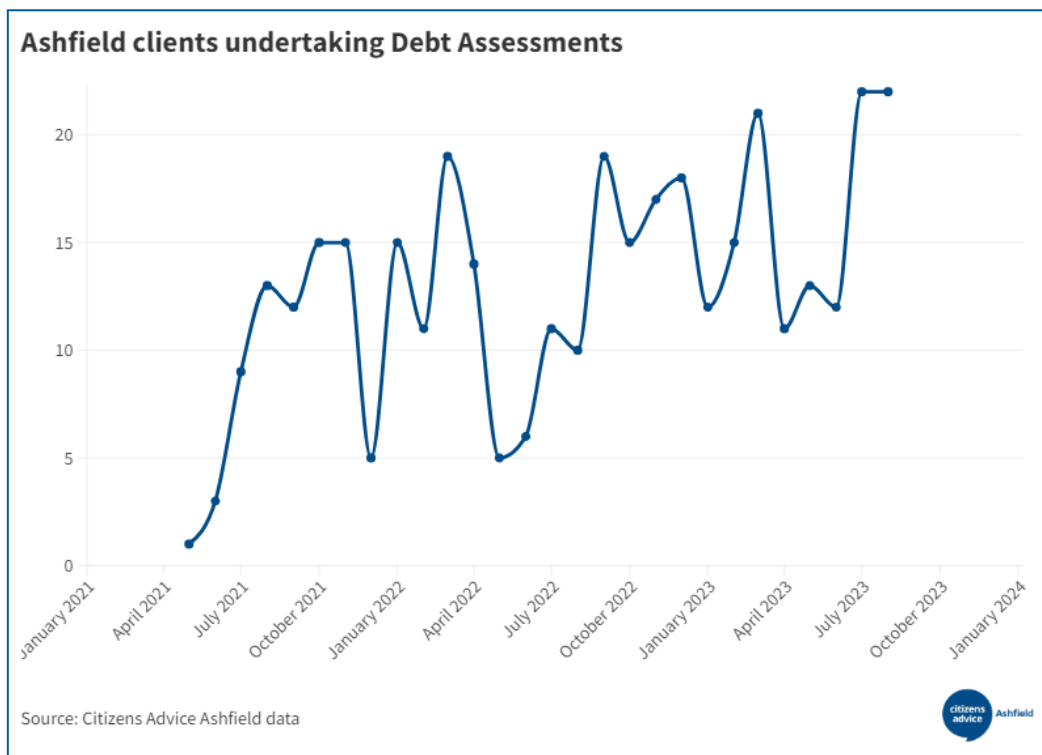
Our entire team works closely with other organisations and charities to best aid

and support our clients.

Since the start of the global pandemic, like other charities we have struggled to rebuild our volunteer numbers to help deliver the increasing demands on our services. A small budget has also affected the total number of our paid staff; for example we no longer have a dedicated Housing Adviser.

Debt

The number of people we have supported by carrying out a debt assessment has increased dramatically since we started delivering this project. We're now helping around 22 new people every month to better understand and manage their debts.



Our Early Intervention Worker, Debt Caseworker and Financial Resilience Worker are who our clients struggling with debt interact with to better manage their finances. Citizens Advice Ashfield has started to send some debt clients to a neighbouring office, because of the demand on our services.

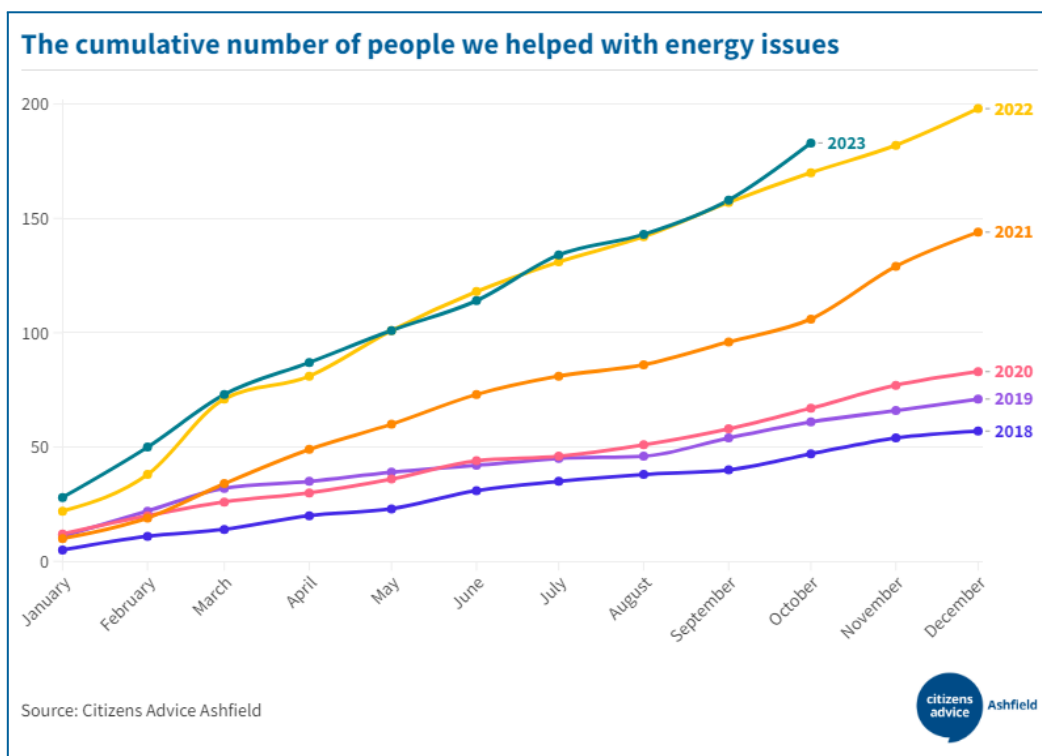
In such a crisis as the cost of living, and with negative budgets increasing, unless

there is further substantial UK Government intervention, it is unlikely debt cases will plateau any time soon. One change the UK Government could make is to increase the payments of Universal Credit and other benefits like it to better reflect current costs; this is known as benefit uprating. One benefit in need of uprating is the Local Housing Allowance, which has not increased since 2020.

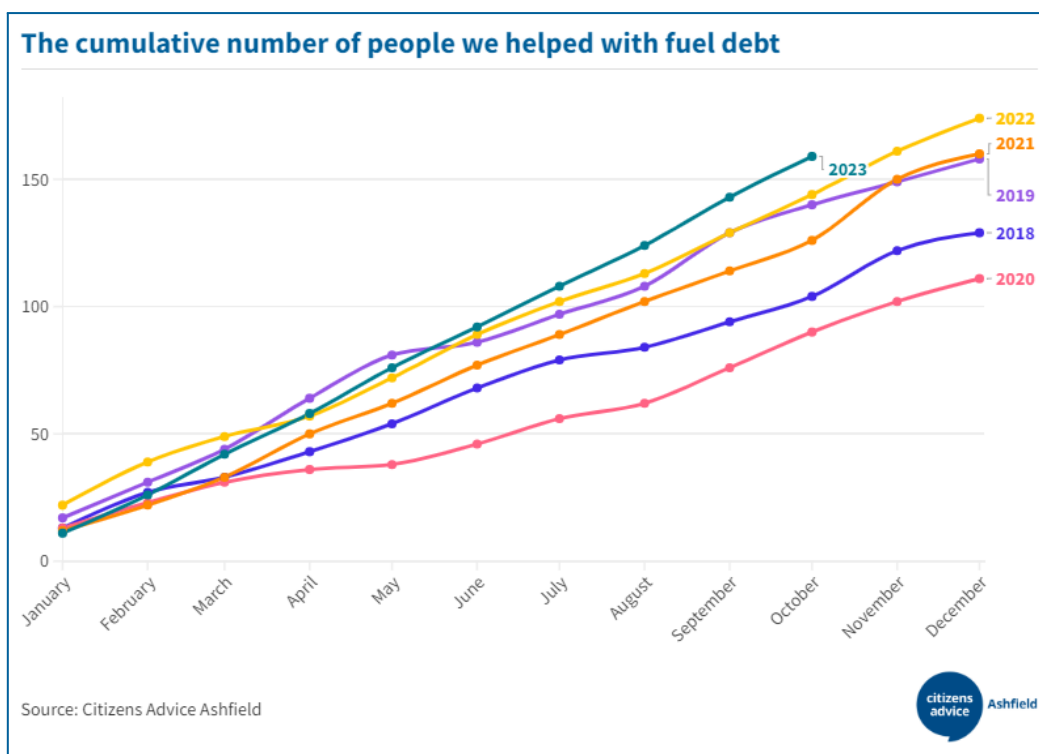
Such a change would likely alleviate the cost of living for those on the lowest incomes, and reduce the rate at which people are falling into debt.

Energy and fuel costs

Due to the end of the global pandemic, the subsequent burst in economic activity, the Russian Invasion of Ukraine and the outbreak of conflict in Israel/Gaza, pressures on the energy sector have resulted in high energy and fuel prices. It is highly likely 2023 will outperform the data of 2022.



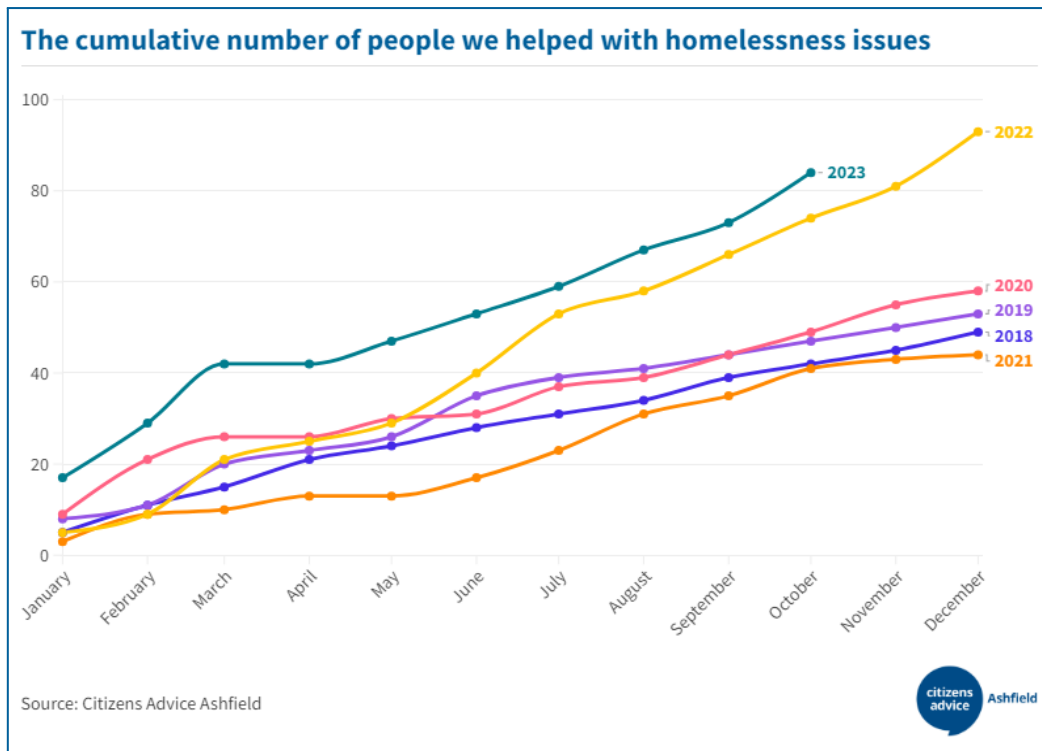
Citizens Advice Ashfield primarily assists clients contact their energy providers to try and see what savings could be made, but we also refer clients to programmes like the Fuel Bank Foundation and Household Support Fund for energy vouchers.



Programmes like the Household Support Fund rely on continued UK Government intervention. Unless energy costs drop in the near future, or incomes continue to increase, including for those on benefits, energy issues will likely remain high and more support may be needed in the long-term.

Homelessness and household costs

Homelessness can affect anyone, especially when one considers issues clients would never have thought could occur; for example relationship breakdown/bereavement. This can result in street homelessness, sofa-surfing homelessness or threatened homelessness.



While trying to support our clients manage their finances, Citizens Advice Ashfield works with other organisations like Women's Refuge, Framework, Shelter, the YMCA, as well as local authority bodies to try to prevent or handle a client threatened by or in a state of homelessness. However, with cases of homelessness increasing across the country, more support may be required from the UK Government to reverse this trend as was achieved during the first Covid-19 Coronavirus Lockdown in 2020.

While the UK Government has brought a Bill banning the use of Section 21s to Parliament, it is unlikely such legislative changes will help until the legal system and the Courts are reformed (this could take several years). Meanwhile, the private rental sector faces increasing costs from inflation and interest rates. These costs are being passed to tenants as expected, but many are struggling to pay. This results in landlords either choosing to or being forced to leave the sector, especially if they have a buy-to-let mortgage.

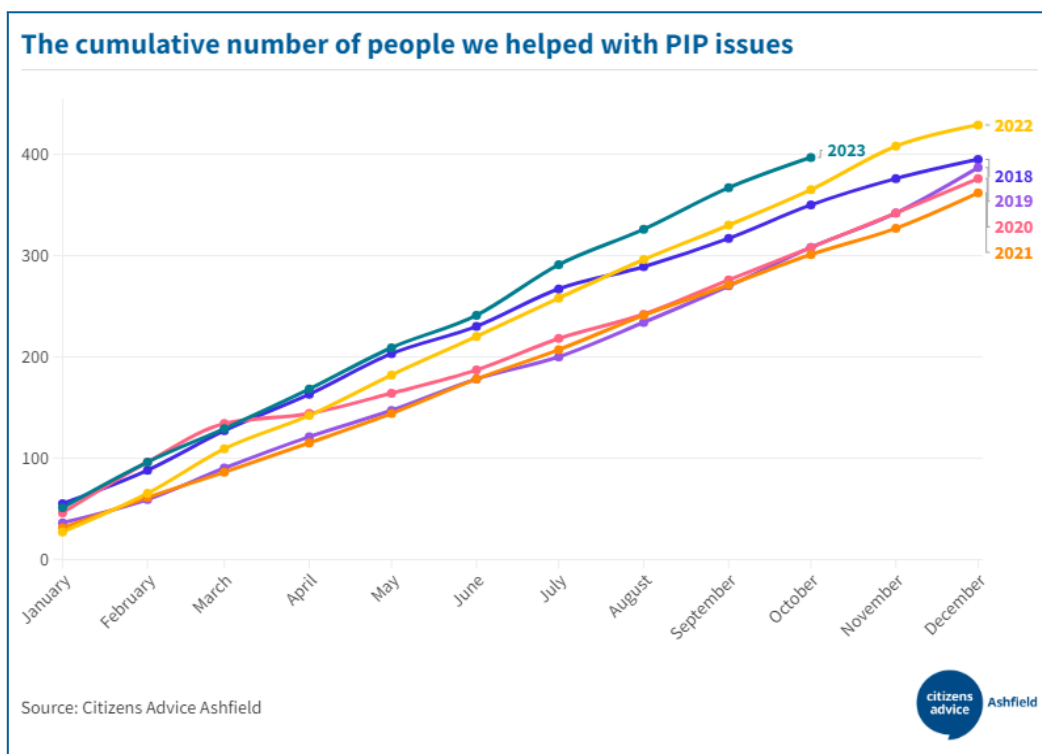
With no recent update to the Local Housing Allowance or extra support being available to private renters on low budgets, this can result in landlords evicting to find a tenant who can pay these extra costs, or evicting their tenants to sell. All this results in fewer properties being available to rent privately, again increasing the cost of the sector. With little to no social housing being available,

many tenants are finding themselves homeless.

The UK is facing a housing crisis that is unprecedented and deteriorating rapidly. Without major UK Government intervention, it is likely Citizens Advice Ashfield will see more clients with homelessness and housing issues moving forward.

Welfare benefits

As previously mentioned, financial support is present but insufficient for the problems our clients and many others are facing. While benefit uprating would be immediately recommended for those on the lowest incomes, with no clear indication this will occur it is likely Citizens Advice Ashfield will continue to see an increase in the number of benefit issues we see. One of these is likely to be Personal Independence Payments (PIP).



Although Citizens Advice Ashfield does not have a Specialist Benefits Adviser like other local offices, all our Advisers assist in PIP cases and as such we deliver what information we can to our clients.

There remain many who are trying to claim PIP. Some of these are unlikely to be

awarded it, but are attempting to receive it due to the cost of living crisis. This can slow down the application process for those genuinely eligible. Also of note is PIP claimants facing health reassessments every year, assessors not being medical professionals, claimants not being honest about their difficulties (resulting in a removal of the award to those genuinely eligible) and that the PIP Mandatory Reconsideration process being overly complicated and demanding which many will stop attempting to claim.

Case study - Robert's story

Robert is single and lives in a property he owns outright. While he has suffered from Arrhythmia for the last 15 years, he had worked right up to the pandemic in 2020 when he was diagnosed with a Hernia. He is looking for work again, but being eligible to retire in April 2024, few employers are willing to hire him.

Robert had applied for PIP, but he was refused due to currently having no difficulties with daily activities. However, when he was asked if his current financial situation had affected his physical health, while he initially stated **"no"**, after a moment of thought he stated he **"would physically struggle to start working now due to inertia and poor diet"**.

He doesn't have a negative budget, so this time we could not refer Robert to his local food bank (he has in the past, but due to the demand food banks are experiencing they no longer accept referrals who do not have a negative budget). When he had previously received support from the food bank, Robert had been able to pay for other bills, for his energy use and for a TV Licence.

Robert has received support from the UK Government through the Cost of Living Payment, which he used **"to make sure all my bills were up to date"**. However, due to his limited finances, Robert stated his mental health had been impacted.

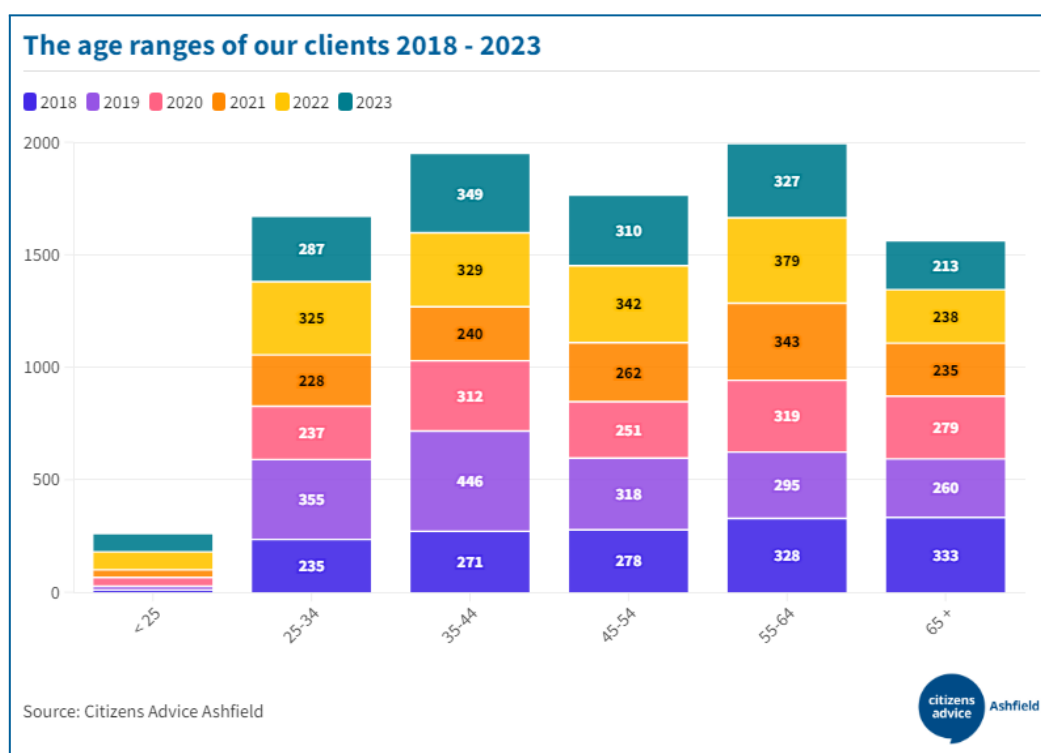
"My current financial situation makes me feel isolated as I have lost contact with friends due to not having spare money to socialise. I have worked all my life until now and reluctantly ask for help."

Robert believes his situation would improve once he is eligible to claim his State Pension.

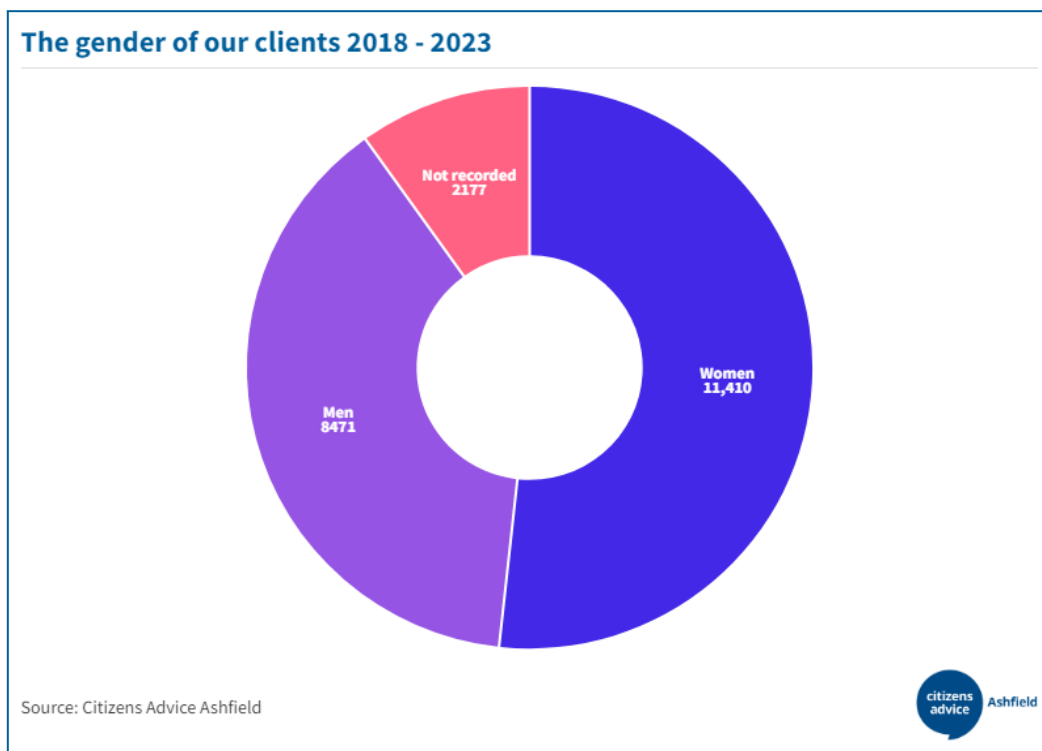
Who is most affected by the crisis?

Of the data we have, more under 25 year olds have sought our support with cost of living issues than ever before: in 2018 an average of **two** under 25 year olds per month sought our help with cost of living issues; in 2023 so far this has been **eight** per month. In 2022 we saw 80 clients under the age of 25 who were facing cost of living issues. In 2023 we have currently handled 78 clients under the age of 25 (with two months still remaining).

Looking at age ranges specifically (again, 2023's data ends 31st October), it can be seen that during the pandemic we saw fewer clients across the board due to programmes like Furlough and the Universal Credit £20.00 per week uplift taking place. However, 2022 and 2023 seem to be continuations of the financial deteriorations our clients were experiencing in 2018 and 2019.



While clients aged between 25-44 were more likely to require assistance in 2019, our data from the last two years indicates all age groups are coming to us in similar numbers. One interesting feature of our data, though, is that while there was a slight uptick in the number of clients aged 65+ in 2020, this age group seems to be decreasing in numbers experiencing cost of living issues. Possible reasons for this is the extra energy support available, that State Pensions are still beating inflationary pressures, and that this age group is also exempt from the under-occupancy penalty (the bedroom tax).



Combining all clients from 2018 to 2023, we can see women are more likely to use our service than men. This mirrors previous research compiled by Citizens Advice Ashfield and other neighbouring offices. Similarly, of the ethnicity data we have, 20,540 clients were White and 800 clients were People of Colour. This is largely inline with the 2021 National Census data for our area.

A focus on negative budgets

This report will end by exploring real life stories of clients with negative/deficit budgets: i.e. people coming to us for help whose monthly household income is not enough to cover their essential costs, even after we and our local partners have done all we can to reduce their outgoings and maximise their incomes.

Jonathan is single and lives alone in a two-bed local authority property. He claims Universal Credit (UC) with Limited Capability for Work and Council Tax Reduction (CTR). He has a shortfall of £75.23 per month on his Housing Element due to the under-occupancy penalty (the bedroom tax). Johnathan had an Advance Loan on his UC, which is being deducted at a rate of £8.34 per month. He also has debts with Scottish Power, Severn Trent, Virgin Media and a bank overdraft. He has made payments to reduce these debts, but all this results in Johnathan having a negative budget. Changes that could be made to help Johnathan is removing the bedroom tax and uprating his UC.

Wendy is single and lives in a privately rented property at £500 per month. She is in receipt of UC, Employment Support Allowance (ESA) and CTR. She has successfully applied for Severn Trent's Big Difference Scheme and has applied for help from her gas and electricity provider. She has already received a £150 Warm Home Discount of her bill. Even with this help, Wendy is struggling with her bills. She's unable to work as she has recently been diagnosed with Myalgic Encephalomyelitis. She has applied for PIP and is awaiting a decision. Wendy has no savings and no debts (other than amounts owed to close family). From her income she receives a total of £838 per month. However, her monthly outlay is £1145 per month, leaving Wendy with a deficit of £307 per month.

Max and Rachel are married and live with their non-dependent adult children in a local authority property. Max has Diabetes and several mental health issues including depression and anxiety. He has also previously attempted to take his own life. Rachel has multiple serious medical issues and is awaiting a hearing about her own PIP application. The loss of Max's Disability Living Allowance and Carer's Allowance have caused the couple to struggle financially, leading to referrals to a food bank. They have a negative budget of £279.91 per month due to them currently not seeking financial support from their children, which we recommended they change to improve their finances immediately.

Bibliography

Co-written by Amy Wood and Matthew Kerry. Negative budget case studies collated by Jacob Wright. Data supplied by Citizens Advice Ashfield. **“Ashfield’s cost of living crisis: The impact of the cost of living in the District of Ashfield”**. Published by Citizens Advice Ashfield, November 2023.

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