

## Divisions Affected – All

### HEALTH AND WELLBEING BOARD

1 December 2022

## The Cost of Living Crisis: Impact on Oxfordshire and Update on Systems Response

Report by Programme Director (Partnerships and Delivery)

### RECOMMENDATION

1. **The Health and Wellbeing Board is RECOMMENDED to:**
  - a) Review the summary briefing on cost of living impact and response (Annex A).
  - b) Consider implications for the priorities of the Health and Wellbeing Strategy.

### Executive Summary

2. Residents across Oxfordshire are feeling the impact of significant increases in the cost of living not met by increases in income. Inflation is currently concentrated in energy and food costs, leading to disproportionate impact on those on the lowest incomes. Government has announced a range of measures to support households. However, these measures will not be able to meet all need and there is significant risk that some households will be put under severe pressure this winter.
3. This briefing summarises data on the impact of the cost of living crisis and sets out work already underway by the council and its partners. It recommends additional actions that might be taken to mitigate the impact of cost of living crisis on those in greatest need.
4. This report does not seek to deal directly with the broader financial implications of current economic pressures, including on partners and providers, or on the responses of individual partners to support their own staff.

### Background

5. On 16 November, the ONS published that [the Consumer Prices Index \(CPI\) rose by 11.2%](#) in the 12 months to October 2022, the highest rate of inflation since 1981. The Consumer Prices Index including owner occupiers' housing costs ([CPIH](#)) [rose by 9.6%](#) in the 12 months to October 2022, up from 8.8% in September 2022. The largest contributors to inflation are energy, fuel, and food. In the 12 months until October 2022, [gas prices increased by 128.9% and](#)

[electricity prices by 65.7%](#). Food inflation is at [16.4%, its highest rate since September 1977](#).

6. Inflation is even higher for less wealthy households. According to [the ONS](#), inflation for the second lowest income decile was 1.4 percentage points higher than for the second highest income decile—the largest gap since March 2009.

Figure 1: The highest 12-month inflation rate (CPI and CPIH) was recorded among the bottom three income deciles in October 2022

Inflation rates for equivalised disposable income deciles, Consumer Prices Index (CPI) and Consumer Prices Index including owner occupiers' housing costs (CPIH), UK, October 2022

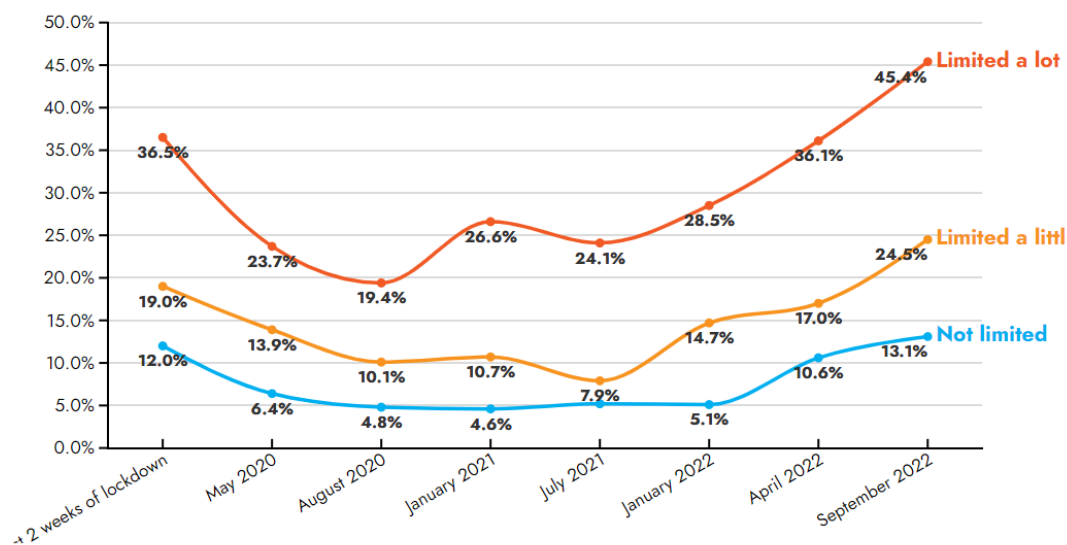


Source: Office for National Statistics (ONS), *Consumer Prices Index and Consumer Prices Index including owner occupiers' housing costs*, released 16 November 2022, ONS website, article, [Inflation and the cost of living for household groups, UK: October 2022](#)

7. According to the ONS's [Public Opinions and Social Trends household finances survey \(26 Oct – 6 Nov\)](#), 91% of British people have experienced rising living costs compared to one year ago, of which 91% experienced increased gas and/or electricity bills and 97% experienced rising food costs. 77% have experienced rising living costs compared to one month ago. 63% of British people report cutting back on gas or electricity in the home to save costs.
8. [Research by the Food Foundation](#) shows that food insecurity has more than doubled between September 2021 and September 2022, with 18.4% of households experiencing food insecurity in September 2022. This includes over half of households on Universal Credit. They also show that one in four households with children have experienced food insecurity in the past month. The Food Foundation also reported not only that people with disabilities are more likely to be food insecure, but that the food insecurity gap between those with and without disabilities is increasing.

## There has been a widening of inequalities experienced by people with disabilities

Percentage of households experiencing food insecurity\* according to level of disability:



\* 1-month recall period



Source: The Food Foundation, [here](#)

9. Good Food Oxfordshire reports 25-30% increased usage of food banks since August 2021, representing 100,000-125,000 more people across Oxfordshire. They are experiencing a steady increase in demand, including new people accessing services. Although supply of fresh food is sufficient, they are experiencing shortages of ambient basics: pasta, rice, beans, tuna, etc. Supply of ambient basics is dependent on supermarket donation bins. Currently, though, these are insufficient to meet demand.
10. [Research by the Institute of Health Equity](#), undertaken before the introduction of the Energy Price Guarantee, estimated that 66% of households (18 million) would be in fuel poverty by January 2023. Fuel poverty occurs when a household cannot afford to adequately heat their home or meet basic energy requirements. The [End Fuel Poverty Coalition](#), bearing in mind the most recent announcements about the Energy Price Guarantee, estimated that 32% of households (8.6 million) would be in fuel poverty by April 2023.
11. [Research by the Institute of Health Equity](#) shows that cold homes can cause and worsen respiratory conditions, cardiovascular diseases, poor mental health, dementia, hypothermia, and problems with childhood development. In some circumstances, health problems may be exacerbated to a degree that they may cause death. England saw an estimated 63,000 excess winter deaths in 2020–21. Estimates suggest that some 10% of excess winter deaths are directly attributable to fuel poverty and 21.5% are attributable to cold homes. 2019 estimates suggest that the NHS spends at least £2.5 billion per year on treating illnesses directly linked to cold, damp, and dangerous homes.
12. In the Chancellor's Autumn Statement on 17 November 2022, the Government announced additional schemes intending to support Britain's most vulnerable through the cost of living crisis. This includes:

- (a) One-off £900 Cost of Living payments to those on means-tested benefits, plus an additional £300 for pensioner households as well as a further £150 for those in receipt of disability benefits (to arrive in 2023-24).
  - (b) Benefits and pensions will rise in line with inflation (10.1%), as will the benefit cap. This new rate will be implemented in April 2023.
  - (c) The Energy Price Guarantee will rise to £3,000 for a typical household (from £2,500) from April 2023.
  - (d) The Government will increase the National Living Wage for individuals aged 23 and over from £9.50 to £10.42 an hour from April 2023.
  - (e) Support for households using alternative fuels will increase from £100 to £200, delivered as soon as possible this winter.
13. In addition to immediate hardship, [research by the Health Foundation](#) shows that there is a strong relationship between access to financial resources and public health outcomes. People in the bottom 40% of the income distribution are almost twice as likely to report poor health as those in the top 20%. Poverty is associated with a range of worse health outcomes across an individual's life course.
14. In childhood, [poverty is associated](#) with worse outcomes in infant mortality, low birthweight prevalence, obesity, asthma, tooth decay, and accidental death. It is also [associated with worse health outcomes](#) in adulthood, such as premature mortality, diabetes, and cardiovascular disease; this is especially the case for persistent poverty.
15. The deprivation of necessities that sustain a basic standard of living affects health in several ways, including being unable to afford sufficient heating or a nutritionally adequate diet. Other factors that can directly harm health [include](#) low-quality housing and the lack of opportunity for social participation.
16. Poverty can also have psychosocial consequences that can eventually affect health due to the stresses of living on a low income. There is also the potential for poverty to affect health [through relative deprivation](#), which is the stress associated with lacking the goods, services, and status of mainstream society. This can affect health, even if a basic standard of living is being met, by acting as a chronic source of stress that eventually manifests physiologically.
17. Persistent poverty is [associated](#) with even worse outcomes, such as obesity, mental ill health, and long-term illness. The number of episodes of poverty accumulated over an individual's life [is also associated](#) with worse health outcomes.

## **Financial Implications**

18. There are no direct financial implications of this report.

## **Legal Implications**

19. There are no legal implications of this report.

## **Equality & Inclusion Implications**

20. As set out in the report, families (including large families and single families), people with disabilities or long term health conditions, and people from some minority ethnic communities are more likely to have low incomes and so be disproportionately impacted by increases to the cost of living. This includes experiencing higher rates of inflation and being more likely to be food insecure or be in fuel poverty. Rural communities are also more likely to be impacted by costs that are unprotected by some elements of government support, for example those reliant on heating oil. This report sets out how initiatives are seeking to support the most vulnerable Oxfordshire residents.

## **Sustainability Implications**

21. Reducing energy usage can have the dual benefit of both reducing costs to the consumer and impact on the environment. This report sets out some of the ways in which the Council and system partners are supporting retrofit schemes and energy advice to low income households. Some energy reduction schemes can be inaccessible to lower income households or households in specific circumstances, rendering them more vulnerable to the impact of the cost of living crisis, for example those living in private rented accommodation. To maximise impact, existing and future Council schemes should therefore prioritise supporting both reduction of energy costs for those on the lowest incomes, as well as maximising absolute reductions in energy usage and associated carbon emissions.

## **Consultation and Engagement**

22. In developing proposals for support, officers have engaged with the City and District Councils and the voluntary and community sector. Throughout implementation, further engagement will seek to ensure that the County Council supports schemes which are aligned with others' schemes and that we continue to work with partners to identify the worst impacted residents and communities.
23. The details of the response outlined in this report were gathered following the Cost of Living roundtable (6 October) where statutory and VCS partners shared their experiences of the cost of living crisis and their suggestions for moving forward. A report on this event is included in Annex B.

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22 November 2022

## **Annex A: Cost of Living Update**

## **Annex B: Feedback from Roundtable Event**