

<b>Report title: Impacts of the Cost-of-Living crisis</b>	
<b>Report to:</b> Essex Health and Wellbeing Board	
<b>Report author:</b> Clare Burrell	
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<b>Enquiries to:</b> Clare Burrell <a href="mailto:clare.burrell@essex.gov.uk">clare.burrell@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1 Purpose of Report

- 1.1 Caused by a catalogue of events including the global pandemic and the war in Ukraine, energy bills, food prices, interest rates, taxes, petrol, and rent are all going up. As the UK economy is entering a period of sustained inflation, this is now taking a high toll on already vulnerable residents as well making increasing numbers of residents susceptible to the crisis.
- 1.2 The purpose of this report is to stimulate discussion of particular issues becoming apparent through the current cost of living crisis and to identify short-term actions in respect of workforce and/or wider population

## 2 Recommendations

- 2.1 To note the current landscape and the four impacts identified in this report;
- 2.2 To consider what actions Board members can do, individually and collectively to support workforce and / or wider population
- 2.3 To consider how the Board can support and/or influence work already taking place

## 3 Background

- 3.1 Rising inflation affects all our living standards and together with tax increases, namely National Insurance increase and Health and Social Care Levy, means that average take-home pay has fallen. Figures from the ONS show that whilst wages rose by 3.8% between November 2021 and January 2022, the effect of inflation means that in real terms regular pay fell by 1% compared to 12 months ago and will continue to fall over the coming year. The same impacts are evident in benefits which increased in April 2022 in line with general inflation 3.1% of 2021: in fact, April 2022 inflation rate was 6.5%.
- 3.2 Forecasts indicate that the war in Ukraine could push inflation to a 40-year high of 8.7% in the final three months of 2022 and worsen the crisis. The reality is that those on low incomes are finding it hardest to tide themselves over during a period in which their real incomes are eroding and many others are quickly moving from just about managing to crisis.

## The people and the pressures

- 3.3 Those most impacted residents in Essex are Working Families; single parent households; women 65+ and young adults 19-25. This will be compounded further for those with young children, have household members who are unpaid carers; have children and young people with disabilities and or learning needs/autism. Rising food and fuel costs and other essential items such as white goods, nappies and toiletries means that on a day-by-day basis people are being faced with hard choices. You are likely to be even worse off if travel is required for work due to the increase in fuel costs and those with in rented accommodation or with mortgages live with the day-to-day pressure that interest rate rises will bring.
- 3.4 For those on lower incomes, this presents a situation that extends beyond the idea of a cost-of-living crisis, to an emergency in the cost of surviving. It pushes people whose health and wellbeing of those who might already be at risk into a situation that is hard to recover from. Whilst warmer months might bring respite from a choice between heat or eat, people will be forced to make changes or cut corners that impact their own physical and mental health and overall resilience and quality of life.

## The current response

- 3.5 Whilst the crisis is pre-occupying discussions across the Essex system and some responses being developed in different places within different organisations and various partnerships, there isn't one holistic concerted effort/response to addressing the cost-of-living crisis.

Levelling-up lies at the heart of Essex County Council's plans and work starting to take shape with local councils, health, and voluntary and community sectors to address the long-standing poverty issues in some of our most deprived wards. Whilst this is a long-term ambition some of the tangible benefits should start to be felt by residents later this year.

Central Government initiatives such as Council Tax Rebate Scheme and the Household Support Fund along with Essex County Council's Essential Living Fund has seen thousands of vulnerable and struggling residents benefit from cash payments for food, fuel and essential living costs. Whilst these schemes have gone a long way to supporting residents there is a danger that unsustainable dependency is created, and the longer-term impacts of the challenges being faced are not being addressed.

## The on-going and long-term impacts

- I. **Employment:** A recent study showed that over a third of the population is considering a career change and this is most evident in areas of nursing, social work, carers, and teaching staff. Many people, where overtime is paid, are taking on additional shifts and others being forced to take on second jobs. Not only does the overall impact of this situation impact quality of life, but it

has also started to impact the workforce that many vulnerable residents rely on most.

- II. **Debt and lending;** People finding it increasingly difficult to meet household costs are selling their possessions, using their savings to make ends meet and some others taking out loans just to deal with day-to-day costs. There are inherent risks for those with poor financial histories being tempted into lending from disreputable sources such as loan sharks.
- III. **Physical Wellbeing:** Cutting corners for healthy eating will impact those with poor physical health and create more poor health for many more residents over the coming months and years. This will be compounded by reduction in regular exercise, particularly that which involves cost such as sports clubs, classes and gyms. Physical wellbeing will become unaffordable and that may also result in social isolation for some.
- IV. **Emotional wellbeing and resilience** financial worries impact people's ability to look after themselves and those they care for and the helplessness can be exacerbated with every choice that needs to be made. This is assuming they have the financial skills and knowledge to be able to make good decisions. These circumstances can lead conflict in family settings and result in breakdown in communication and relationships, impact mental health further, particularly if there is a lack of opportunity to share and discuss such personal issues with friends and family outside of the home.