



Chartered
Institute of
Housing

COST OF LIVING CRISIS

A spotlight on Black and ethnic minorities

The Chartered Institute of Housing's sixth cost of living briefing

January 2023

Welcome to issue no.6.

The cost of living crisis continues to place huge pressures on people across the UK. Whilst Britain’s inflation fell slightly last month it remains historically high. As with previous briefings, we look at what this means in practice, with a focus on Black and minority ethnic people.

This CIH briefing is the sixth in a series as we address the question: “what is the impact of the cost of living crisis on social housing tenants – and how should the sector respond?”

Topics in this edition:

- [Latest evidence on the crisis](#)
- [Spotlight on Black and minority ethnic \(BME\) communities](#)
- [CIH submits evidence to APPG on Poverty](#)
- [How social housing providers are supporting](#)
- [What is CIH calling for?](#)
- [Useful resources](#)

For previous copies of our briefings see www.cih.org/policy/cost-of-living-crisis-briefings.

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Latest evidence on the crisis

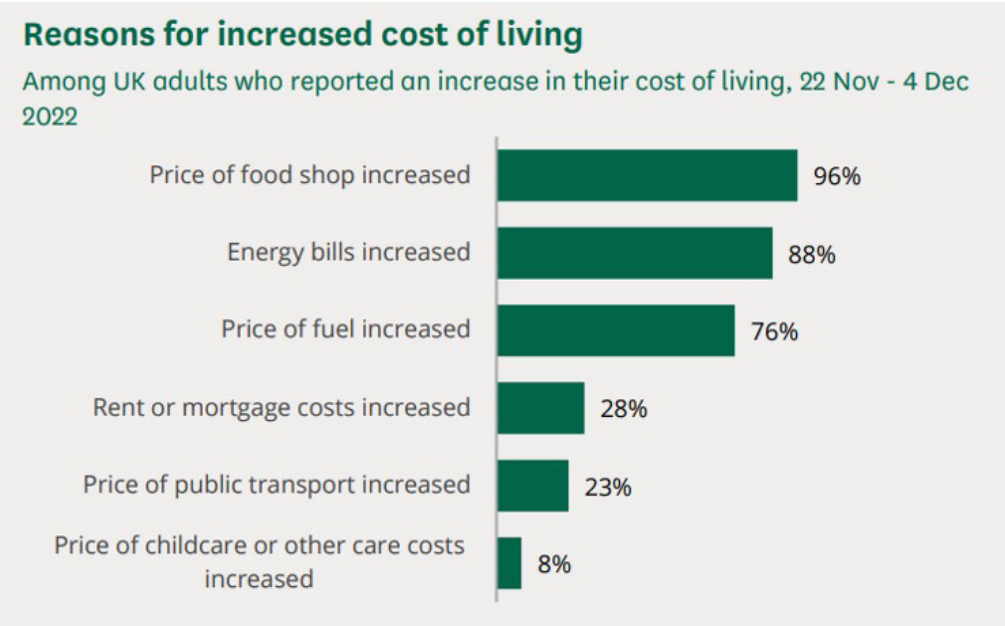
Inflation in the UK fell for a second month in December but remained at one of the highest levels in 40 years, as a near 17 per cent increase in the price of food kept pressure on households.

New data from the Office for National Statistics (ONS) on GDP shows that growth of 0.1 per cent in November (expectations were for a 0.3 per cent fall) coupled with 0.5 per cent growth in October means the UK is unlikely to have fallen into recession in 2022, as previously thought. But while GDP did not shrink, household incomes did. [Data from Citizens Advice](#) shows that they are helping more people for the first time - more people in hardship and more people falling deeper into hardship.

People continue to report an increase in their cost of living

According to the [ONS Opinions and Lifestyle Survey](#) published in December 2022, 92 per cent of adults in Great Britain reported an increase in their cost of living in November-December 2022 since the same period in 2021. Of those who reported an increase, 96 per cent said this was due to the increased cost of food shopping, while 88 per cent cited an increase in gas and electricity.

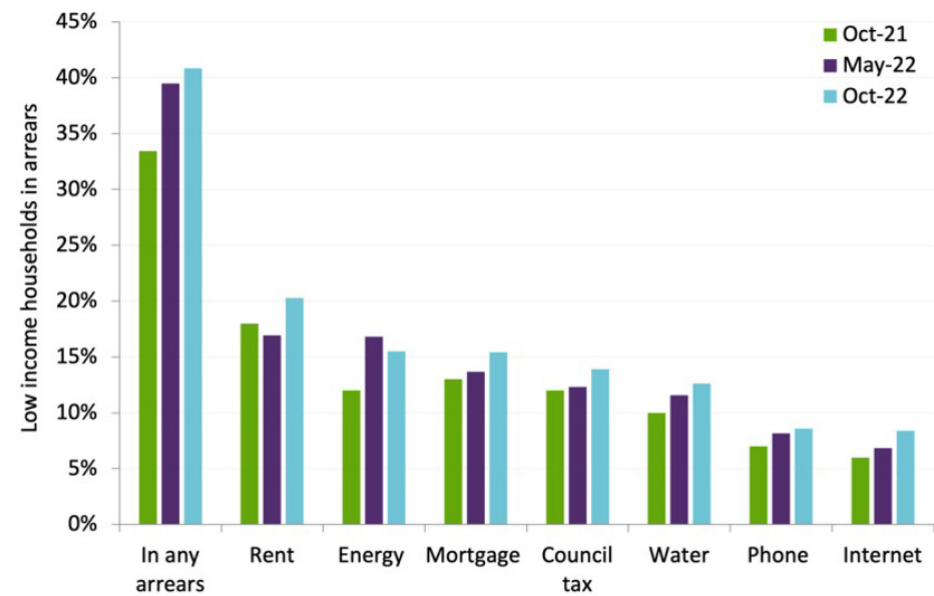
“In the weeks starting the 5th and 12th of December, we helped more people with food bank referrals and emergency charitable support than in any other week on record.” (Citizens Advice)



Source: Rising cost of living in the UK, [House of Commons library briefing](#)

The [Joseph Rowntree Foundation](#) (JRF) has been tracking the impact of the cost of living crisis on low-income households for the past year. In October 2021, they found that almost four million households were in arrears with their bills; close to triple the pre-pandemic levels reported in the Family Resources Survey. When they repeated the research in May / June, that had increased by a fifth to 4.6 million households. It has stayed around this level, with 4.7 million households currently in arrears. In May, they found that almost seven million households had reported going without essentials at some point in 2022, or experienced food insecurity in the month prior. This has risen again and now stands at 7.2 million.

JRF’s report, [Going under and without](#) - cost of living tracker for winter 2022/23 (published December 2022), makes clear that the government support provided so far has not been sufficient to address the hardship felt by millions of families on the lowest incomes.



Source: Joseph Rowntree Foundation - [Going under and without: JRF’s cost of living tracker, winter 2022/23](#) | JRF

Their latest research shows that for all low-income households in the bottom 40 per cent of incomes:

- 7.2 million households (62 per cent) are going without essentials. This means that they have reported going hungry or cutting down the size of meals or skipping meals in the last 30 days, or going without basics like showers or adequate clothing since June
- 4.7 million households (41 per cent) are in arrears with at least one household bill and the average level of arrears remains above £1,600
- 4.3 million (37 per cent) are going without essentials and in arrears with at least one household bill, and
- Over 3 million households (28 per cent) have not been able to keep their home warm since June because they could not afford to.

This is exacerbated for households in the bottom 20 per cent:

- 75 per cent have reported going without essentials, up from 67 per cent in May 2022
- 20 per cent have reported going hungry often in the last 30 days, up from 13 per cent in May 2022
- 53 per cent are in arrears, up from 39 per cent in October 2021 and 47 per cent in May 2022
- 39 per cent have no or very low levels of savings.

“The choice to heat or eat has become far more pervasive this winter than even during the pandemic.” (Resolution Foundation)

The report shows that the proportion of low-income households in arrears with household bills is up for every bill except energy, where government intervention has helped (note: you’re much more likely to be in arrears with your energy bill if you don’t pay by direct debit).

The Resolution Foundation's [Living Standards Outlook](#) 2023 (January) found that:

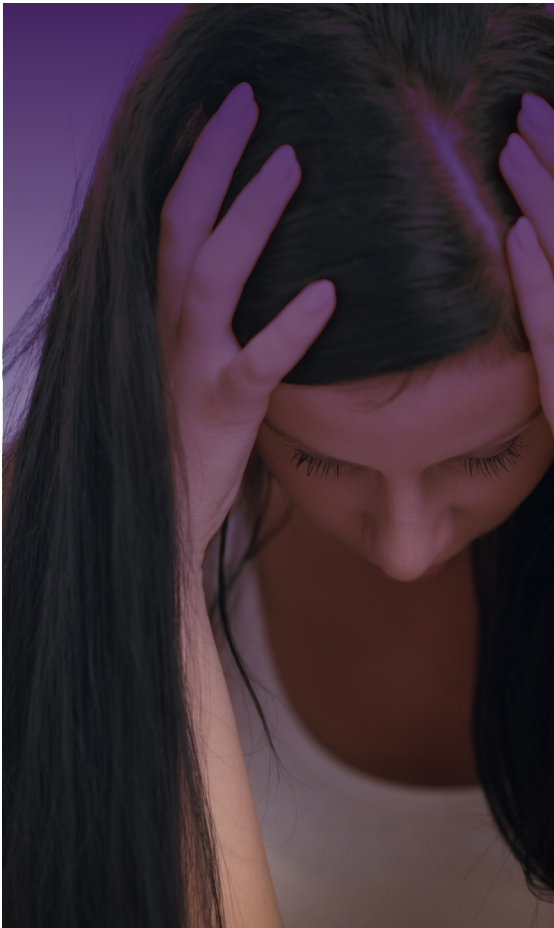
- 45 per cent of respondents – 24 million people – are quite or very worried about their energy bills over the winter months. This rises to 63 per cent of workers in the bottom income quintile, and 62 per cent of those paying their energy bills using a pre-payment meter (compared with 43 per cent who pay by direct debit)

“65 per cent [of the people we see] being moved onto prepayment meters are disabled or have a long-term health condition, while 40 per cent are single people with children.”
(Citizens Advice)

- Almost one-in-five (19 per cent) of people surveyed – 10 million – are not confident about their finances over the next few months, but for workers in the bottom income quintile, this rises to 32 per cent, and to 43 per cent for those not working and on benefits
- In November 2022, 28 per cent (up from 9 per cent pre-pandemic) say that they could not afford to eat balanced meals, and 11 per cent or 6 million adults (up from 5 per cent pre-pandemic) reported being hungry in the past month because they lacked enough money to buy food. 23 per cent of those receiving means-tested or disability benefits are severely food insecure this winter, up from four per cent pre-pandemic. Similarly, rates of food insecurity are much higher among families with three or more children, single parent families, and among certain non-White ethnic groups

- In November 2022, 11 per cent of respondents said their debts had increased moderately or substantially in the past three months, rising to 20 per cent amongst workers in low-income families. This compares with seven per cent of adults, and 12 per cent of low-income adults, who saw debts rise during the pandemic (comparing February 2020 to May 2021). People are also falling behind on bills: 10 per cent of people – and a quarter of workers in poorer households – have missed at least one payment of a priority bill over the past three months
- Families are taking actions to cope with higher costs today which will worsen their future financial resilience. In November 2022, 27 per cent of adults reported using their savings for daily living expenses in the previous four weeks up, from one-in-five (20 per cent) in June
- The percentage of people facing emotional distress has increased from 40 per cent in October 2021 to 47 per cent in November 2022. Those receiving state benefits (excluding Child Benefit or the state pension) are increasingly in emotional distress, with 64 per cent affected, compared to 42 per cent for those who do not receive any benefits
- The typical after housing costs income of non-pensioner households is set to fall by three per cent in 2022-23, and by an even larger four per cent in 2023-24. A fall of that scale in 2023-24 would be the largest single-year fall since 1975, and the two-year fall of seven per cent (or £2,100 for a typical household) is bigger than in the financial crisis. This will take typical real-terms incomes in 2023-24 back to where they were in 2018-19

- The cost of living crisis should ease in 2024, but real wages are not expected to return to their Q1 2022 level until the end of 2027. Typical incomes are set to be below their real-terms pre-pandemic (2019-20) level even in 2027-28
- Absolute poverty is set to rise in the short-run, from 17.2 per cent in 2021-22 to 18.3 per cent in 2023-24 (or an additional 800,000 people in poverty). Relative poverty is set to fall considerably in 2022-23 and 2023-24, as typical income falls by more than that of low-income households but will then trend upwards. Child poverty in 2027-28 is forecast to be the highest since 1998-99, with 170,000 more children in poverty than in 2021-22. This rise is driven entirely by large families: child poverty for families with three or more children is set to hit 55 per cent in 2027-28, and 77 per cent of children in families with four or more children will be in poverty by 2027-28.



Unequal impact

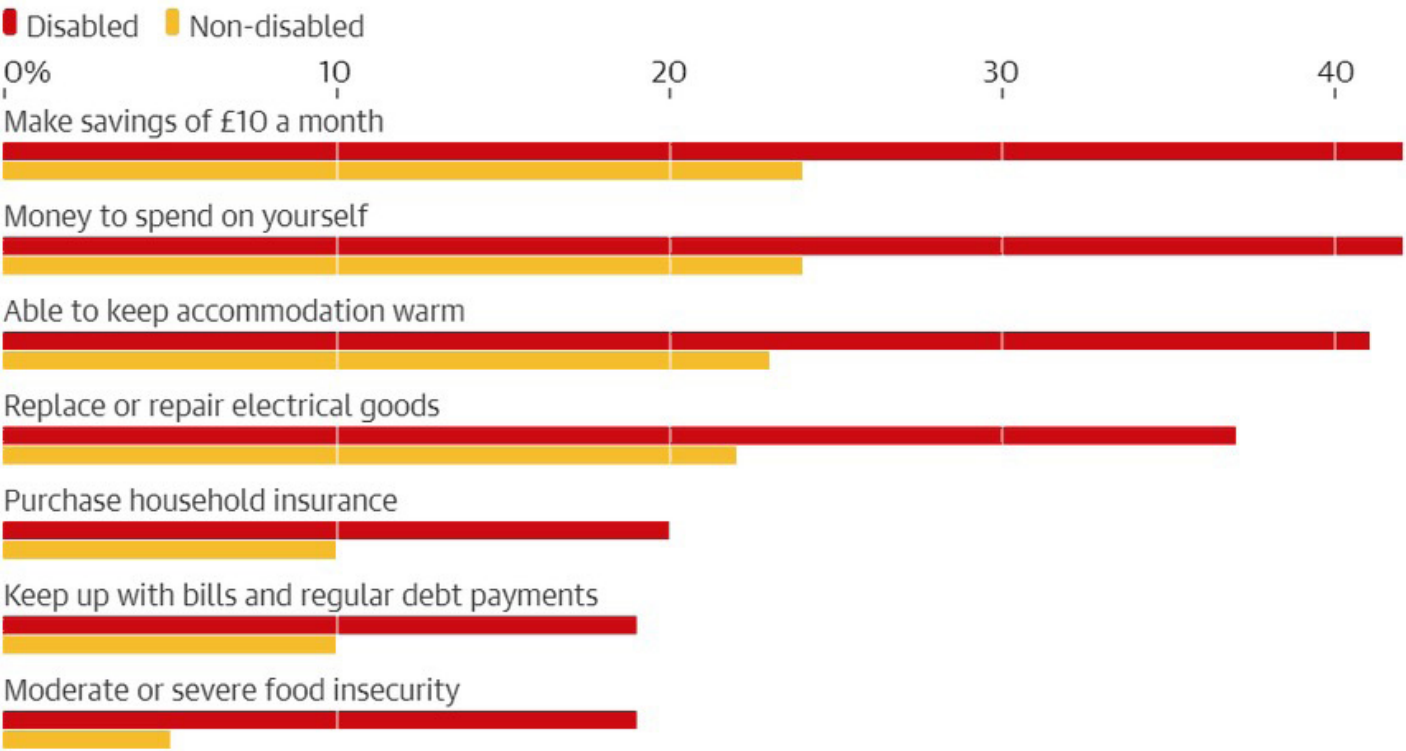
The cost of living crisis is impacting everyone but is disproportionately affecting certain groups. [JRF's December report](#) found that people on Universal Credit, private renters and young adults are particularly impacted. The Resolution Foundation's [Living Standards Outlook](#) found that low-income families, and particularly those with three or more children, are significantly stretched. Universal Credit is designed to be a safety net but [JRF's December report](#) finds that 90 per cent of low-income households in receipt of the benefit report going without essentials, up from 84 per cent in May 2022. The proportion of households on Universal Credit in

debt is also very high: almost three quarters are currently in arrears with at least one household bill, up from 66 per cent in May 2022. Government has confirmed that benefits will rise in line with prices in April 2023 (a rise of 10.1 per cent), but even after this the basic rate for a single adult over 25 will only be £85 a week (not including housing costs, for which there is a housing element for those eligible). Deductions to Universal Credit, for example to repay third-party debts or advance payments, reduce this household income further. In July, the Work and Pensions Select Committee said the repayments, taken from more than two million claimants, were pushing the most vulnerable into destitution.

“The number of people we helped with crisis support in 2022 was 50 per cent higher than in 2021, more than 100 per cent higher than in 2020 and more than 150 per cent higher than in 2019.”
(Citizens Advice)

Disabled people are struggling to afford household essentials such as heating

Share of disabled and non-disabled people who cannot afford certain goods and services and experience food insecurity, 23-30 November 2022

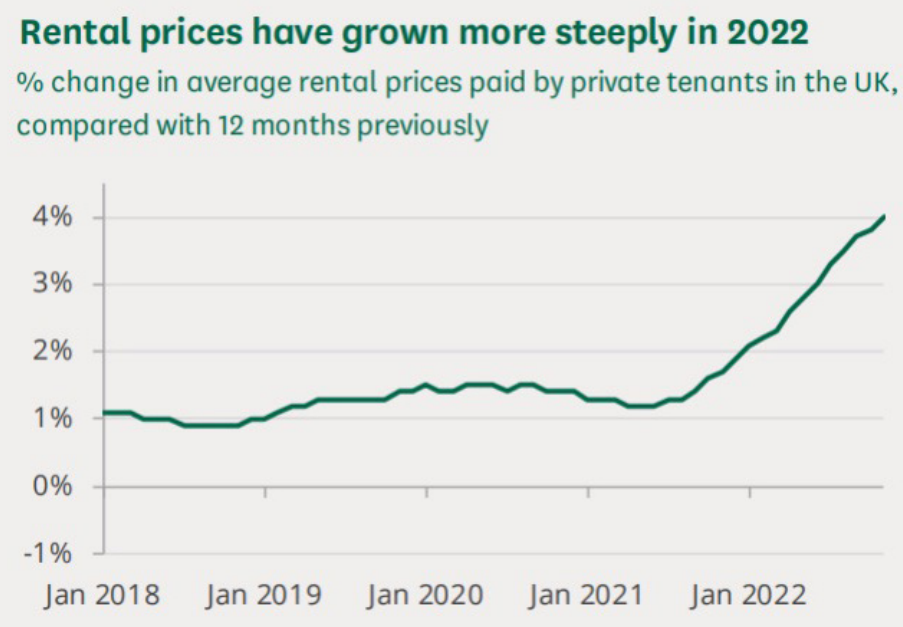


Guardian graphic. Source: Resolution Foundation



High housing costs are a key driver of financial vulnerability and impact private renters the most

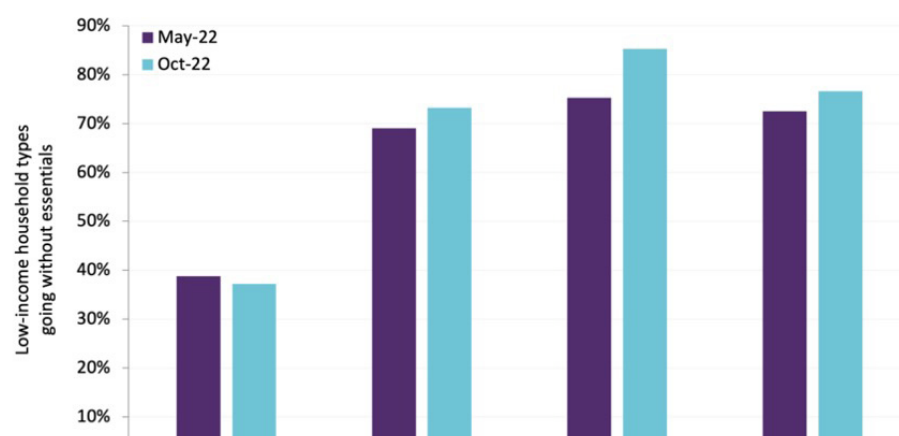
The [Office for National Statistics \(ONS\)](#) publishes a [monthly index of private rental housing prices](#) which tracks changes in the price paid by private tenants in the UK. Private rental prices grew by four per cent over the year to November 2022: the largest annual growth recorded for the UK since the ONS series began in January 2016. Growth was highest in Northern Ireland (9.5 per cent), the East Midlands (5.1 per cent), and the North West (4.7 per cent) and lowest in Wales (3.1 per cent).



Source: Housing and the cost of living, House of Commons library - [CBP-9622.pdf \(parliament.uk\)](#)

Whilst rents have increased, local housing allowance (LHA) rates, used to calculate help with rent payments for claimants in private rented housing, were increased in 2020 as part of the pandemic response but have remained frozen in cash terms from April 2021. The Work and Pensions Committee recommended LHA rate increases in July 2022, but the government has resisted calls to uprate.

[JRF's research](#) finds that 85 per cent of all low-income private renters reported going without essentials or experiencing food insecurity, up from 75 per cent in May.



Source: Joseph Rowntree Foundation - [Going under and without: JRF's cost of living tracker, winter 2022/23 | JRF](#)

Mortgage holders and social renters are also experiencing high levels of hardship, with more than seven in ten going without food or other essentials.

By contrast, people who own their homes outright have seen a slight reduction in their likelihood of going without essentials, from 39 per cent to 37 per cent, and no change to food insecurity.

The proportion of low-income renters who have fallen behind on their rent and are in arrears has increased from 17 per cent in May 2022 to 20 per cent in October (JRF, December 2022). The average level of rent arrears is £530, with £570 million owed in rent arrears across the UK. Almost every household behind on rent also reported going without essentials (97 per cent). 92 per cent are experiencing food insecurity. Half have borrowed money or used a credit card to pay bills. Around two thirds (64 per cent) have a high-cost credit loan. Private renters, who live in the least energy efficient tenure, were also most likely to be behind on their energy bills, with 25 per cent in arrears.

'The government should adopt a target to deliver one million energy-efficiency improvements to homes a year in England by 2025 and adopt a "war effort" push on energy efficiency' (Environmental Audit Committee, January report)

Almost seven in ten of low-income renters pay more than 30 per cent of their income on rent. In December 2022 Zoopla reported a 12.3 per cent annual change in asking rents across the UK, with some areas seeing rises of 18 per cent. Zoopla also forecast above average growth rates through 2023.

26%
of all renters said their rent payments had gone up in the last 6 months

7 to 18 December 2022

Publication: Public opinions and social trends, Great Britain: 7 to 18 December 2022

Office for National Statistics

Research published by [Shelter](#) at end of November 2022 found that one in 12 private renters in England - equivalent to 941,000 people - are currently under threat of eviction. Of those at risk, 504,000 private renters had received or been threatened with an eviction notice in the last month, up 80 per cent on the same period in 2021, and 482,000 are behind on their rent, putting their home in danger. The charity's research also found that a quarter of private renters - equivalent to 2.8 million people - are constantly struggling to pay their rent, an increase of 24 per cent compared to the same period in 2021; and that more than two thirds (69 per cent) - equivalent to

7.7 million people - would struggle to find a suitable home if they were evicted.

Further [research](#) from Shelter, published in December, found that 120,710 children in England are homeless and living in temporary accommodation, the equivalent of one in every 100 children in the country. Shelter expects this figure to grow as the cost of living crisis continues to deepen the housing emergency. Citizens Advice's [data dashboard](#) shows that by the end of last year they had helped more people with a homelessness issue than they had in the previous five years.

Case study: Dave, 51, is disabled and lives in a one-bed house in Woking with his 16-year-old son. He has been served a section 21 no-fault eviction by his landlord and is currently awaiting a court date. He is worried that he and his son could end up homeless as he cannot find another

private rental that he can afford. Dave's housing benefit, which is supposed to cover a two-bed rental in his local area but is frozen at 2020 levels, does not even cover the cost of many studio apartments. (source: Shelter)

"The government's refusal to unfreeze housing benefit, when private rents are rising at record rates, means the rental crisis is fast becoming a homelessness emergency." (Shelter)

The numbers of people being threatened with, or facing, homelessness is another indicator of crisis. By the end of November 2022, Citizens Advice had helped more people with a homelessness issue than they had by the same point in the previous five years. (Citizens Advice data dashboard)

Housing Census 2021

Figures released by the [Office for National Statistics](#) (ONS) for England and Wales in January show that the number of rented households increased from eight million in 2011 to 9.3 million in 2021. The number of people renting privately has doubled in two decades.

The ONS data estimates that the number of privately rented dwellings has doubled in England since 2001 to 4.9 million (20 per cent of all dwellings) in 2021. A similar pattern occurred in Wales, where an estimated 14 per cent of dwellings were privately rented in 2020.

The ONS considers a property 'affordable' if a household would spend the equivalent of 30 per cent or less of their income on rent. Private renters on a median household income could expect to spend 26 per cent of their income on a median-priced rented home in England, compared with 23 per cent in Wales in the financial year ending March 2021. London was the least affordable region, with a median rent of £1,430 being equivalent to 40 per cent of median income.

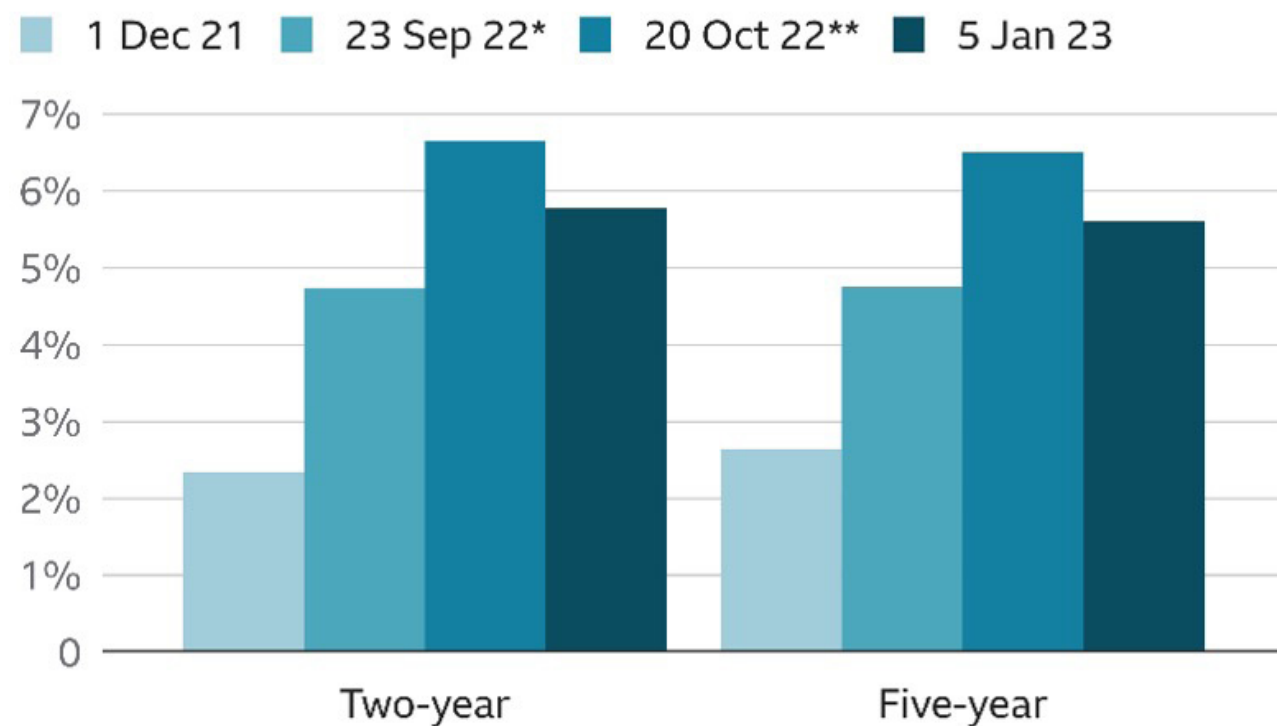
Elsewhere, the ONS found that West Midlands and East Midlands were the most affordable regions with median rents equivalent to 21 per cent and 22 per cent of median income. Despite having very different levels of median income and rents, Yorkshire and the Humber and the South East had similar ratios of private rental affordability (31 per cent).

The rising cost of living is also felt by homeowners

Higher interest rates are particularly impacting low-income mortgage holders. JRF (December 2022) found that 15 per cent of low-income mortgage holders were in arrears, owing an average of £830 - one of the highest average amounts of arrears across all bills. Data published by the [ONS](#) (January 2023) shows that more than 1.4 million households in the UK are facing the prospect of interest rate rises when they renew their fixed rate mortgages in 2023. The Autumn Statement 2022 announced changes to support for mortgage interest (SMI) to "support mortgage borrowers with rising interest rates".

How mortgage rates have changed

Average interest charged on two and five-year fixed deals



*Date of mini-budget **Peak

Source: Moneyfacts.co.uk

BBC

Source: [Rents rising at fastest rate for seven years](#) - BBC News

UK Fuel Poverty Monitor

The latest [UK Fuel Poverty Monitor](#) by National Energy Action, which covers 2021 to 2022, looks at how the energy crisis has impacted fuel poor households.

Its polling suggests that 81 per cent say they will ration energy this winter, while 55 per cent are already rationing hot water, and 13 per cent are reducing use of medical equipment. Many of the most vulnerable households are falling through the gaps of national or local assistance schemes.

The report found that:

- Households living on the lowest incomes, in the least efficient homes are being hardest hit
- Households falling into multiple categories of vulnerability are being disproportionately affected
- Households using prepayment meters have faced the biggest challenges accessing support and are at acute risk due to self-disconnection
- Organisations across the sector have stepped up support to help households through the crisis, but there are unprecedented capacity challenges to deal with the volume and complexity of cases
- The scale of current national support is unprecedented but the hardest-hit require deeper, targeted support.

More people forced onto prepayment meters

New data released under Freedom of Information rules shows that the forced use of pre-payment meters (PPMs) is hitting smart meter customers. Almost two-thirds of smart meters switched to the more expensive "pre-payment" mode in the first half of 2022 were due to debt (48,062 households).

The figures, obtained by the [Bureau of Investigative Journalism](#) (BIJ) reveal that in 64.4 per cent of cases, a smart meter was forced into a pre-payment mode as the customer was in debt to their energy firm. Separate figures for the [Warm This Winter](#) campaign, reveal that 68 per cent of smart pre-payment meter customers are vulnerable, with 58 per cent having health conditions or disabilities.

In 2022, [Citizens Advice](#) saw more people who can't top up their prepayment meter than in the previous decade combined. They found that 3.2 million people across Great Britain ran out of credit on their prepayment meter last year because they couldn't afford to top up, and more than two million people were being disconnected at least once a month.

While the number of smart meter customers who have been "disconnected by the backdoor" is lower than for those on traditional PPMs, it is still estimated that 53 per cent have drastically reduced their energy use in recent months and 35 per cent now live in a cold damp home as a result. Overall, the data obtained by TBIJ also shows that 895,739 customers were in debt to their energy firm by the end of June 2022, before the winter price rises kicked in.

Pre-payment meters could cost customers in excess of [£200 more for their energy this winter](#). Recent [investigations by the media](#) revealed that energy firms have secured almost 500,000 court warrants to install these traditional pre-payment meters in homes of customers in debt since the end of lockdown. Smart meters can be turned to pre-payment mode without a court warrant. Ofgem has rules that mean certain groups, such as people with disabilities or long-term health conditions, should not be forced onto a prepayment meter, but it has warned suppliers that they are not doing enough to identify customers in vulnerable circumstances before installing a prepayment meter.

Energy companies are forcing customers in debt to switch to pricey prepayment meters.

The majority who end up using them are vulnerable people.



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Impact on health

The rise in energy prices has led to an increased focus on the link between cold homes and health. A report published in 2022 by the [Institute of Health Equity](#) notes "Homes that are cold due to fuel poverty exacerbate health inequalities. 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."

In the Resolution Foundation's [Living Standards Outlook](#) 21 per cent of people said that their health has been negatively affected by the rising cost of living, rising to 34 per cent of workers in the bottom income quintile, and 32 per cent of those not in employment. 60 per cent of workers in the bottom income quintile report that they are in emotional distress, almost double the levels of those in the top income quintile. This matches other research that has shown that experiences of material deprivation and food insecurity during the cost of living crisis, as well as increasing debt and arrears, are all associated with worsening mental health.

Based on new analysis by the [End Fuel Poverty Coalition](#), of official data for December 2022, the levels of excess winter deaths caused by cold homes exceeded those of December 2021 and were similar in level to the Covid-pandemic-affected data of December 2020.

A [study by Bristol University](#), which tracked child deaths in England between 2019 and 2022, concluded that we could be seeing the "first mortality signal" from families struggling with the cost of living crisis.

You can listen to Prof. Michael Marmot talking about the effects of the cost of living crisis on our health [here](#).

"Poverty and child health inequality have always existed in this time, but the current cost of living crisis is exacerbating the problem, with its effects presenting in children in hospitals up and down the country." (Royal College of Paediatrics and Child Health)

Latest from the "heat or eat diaries"

These [diaries](#), published by The Guardian, show the real choices people are being forced to make. The December edition includes the following anonymous entry.

"I have battled a fair deal in my 60-something years, but these are some of the hardest times, demanding all of my fortitude. Because this isn't living, it is enduring. I always got by, but now, due to low pay, soaring prices and my age, I teeter closer and closer to poverty. I worry about being able to keep earning enough to pay my bills. I worry how I'll get through the next five years to state pension age."

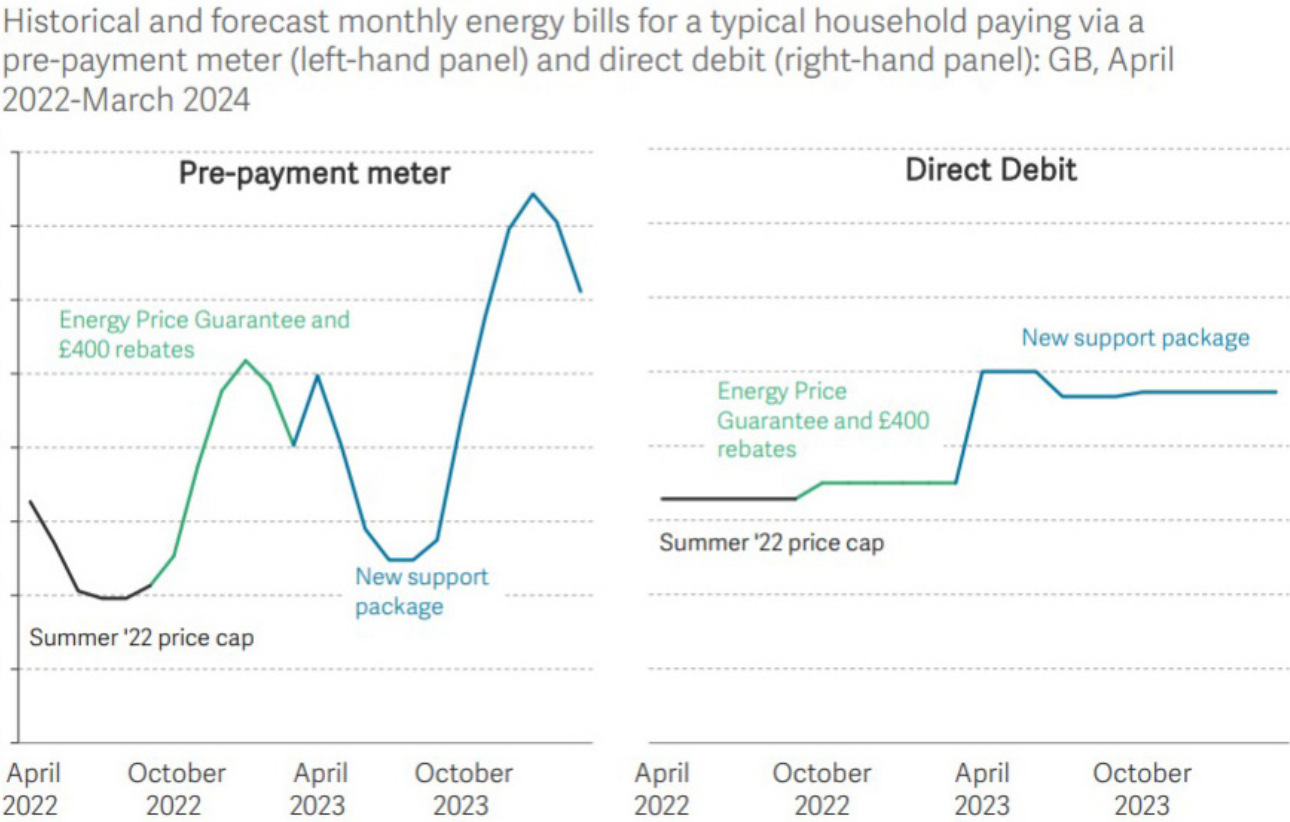
"My rented home is poorly insulated - I put the heating on for two hours last week to dry some washing and the temperature rose from 7C to 8.5C. The bathroom is the coldest room, and often I don't shower because I can't face it in these temperatures. I brush my teeth with a hot-water bottle pressed to my chest. I worry about the possibility of winter power cuts with no electric blanket or kettle, though. I have bought another flask to store hot water for tea and for a hot-water bottle if the worst happens."

Looking ahead

According to the Resolution Foundation, the biggest impact of the cost of living crisis is yet to come. Their 2023 Living Standards Outlook suggests the average household will be £2,100 worse off by the end of the next financial year and that families across the UK have only experienced half the lost income they are expected to suffer from falling living standards. After housing costs, the typical income for a working age family is set to fall three per cent in the year to the end of March, then by four per cent over the following 12 months. The think tank argues that the cumulative seven per cent drop will leave households worse off than they were before the pandemic until 2028.

From April 2023, the Energy Bill Relief Scheme will be replaced by the [Energy Bills Discount Scheme](#) (EBDS). Instead of capping energy prices for domestic customers, the EBDS will work by discounting gas and electricity unit prices. In practice, the support provided will be less generous and household bills will rise. The final increase will depend on energy prices, which have fallen in recent months, but currently [predictions range](#) from a 12 per cent to 20 per cent increase. In 2022/23, the most vulnerable households were given support of up to £1,500. According to [media reports](#), for 2023/24 the figure reduces to £1,350; a 10 per cent cut in support. Support in 2023/24 for households not on means-tested benefits and those living in "off gas grid" properties have yet to be confirmed.

FIGURE 17: The less generous Energy Price Guarantee means energy bills in 2023-24 will be around 40 per cent higher than in 2022-23



Source: Resolution Foundation [Living Standards Outlook 2023](#)

Looking further ahead, the government is currently considering how to support households with energy bills from April 2024, when the EBDS is due to end. It is welcome that this includes considering implementation of a social tariff, which enables support to be targeted at a wider range of lower-income households recognises big differences in energy needs between households. In the medium-longer term, better insulation is key to reducing household energy bills and easing the transition to net zero. A recent report by the [Environmental Audit Committee](#) (January 2023) notes that upgrading housing stock to high energy performance standards must be a national priority.



“We recommend that the government launch a national ‘war effort’ push on energy saving and efficiency. The government must treat the upgrading of all homes in England at band D or below to band C as a national priority to ensure affordability, enhance the UK’s energy security and reduce the high emissions from the country’s leaky and draughty building stock.” (Environmental Audit Committee)

Case study:

Leah, 39, and her partner Stewart, 40, live in Shropshire with their two-year-old daughter. Leah works three and a half days a week as an HR Consultant in Wolverhampton and Stewart is a full-time gas surveyor. Between them they earn too much to qualify for Universal Credit but receive a monthly child benefit payment of £87. They have both been working since they were 16 and have never had to rely on benefits but since the summer their ‘reasonably comfortable’ lives have been turned upside down by the spiralling cost of living.

Leah reports their household bills have increased by £400, and they have been forced to change virtually every aspect of their lifestyle. “We only put the heating on at night for the little one so she can have her bath,” explained Leah. “We don’t flush the toilet every time now, as I nearly had a heart attack when the water bill came last time. We use candles in the evening to light the room just to save on electricity, and luckily that also generates some heat.”

In the kitchen, the couple now never use the oven or the hob. They rely on an air-fryer and a microwave which use less power. “We sold everything we didn’t really need and put the money towards the gas and electric. Our bill was £65 when we first moved in two years ago. Now it’s £180 a month and we all know it’s going to get worse. The council tax was £120 for a while and now it’s gone up to £160,” said Leah.

The couple have had to seriously cut back on their food shopping and where they buy it. “It’s so depressing. Not long ago we could go to a supermarket and not really think about if we could afford it or not. Leah says they have started growing their own produce in the garden to help relieve the shopping pressure a little.

The family moved into their rent-to-buy property two years ago. The plan was to save enough to buy the house. “That was our dream, and we had up to three years to save a 25 per cent deposit, but there is absolutely no way we could save that money now. So, we will probably have to look for somewhere else to live,” Leah continued. We’re just chasing each pay day. It feels degrading and leaves you feeling, like, what’s the point?”

Source: [Action for Children](#)

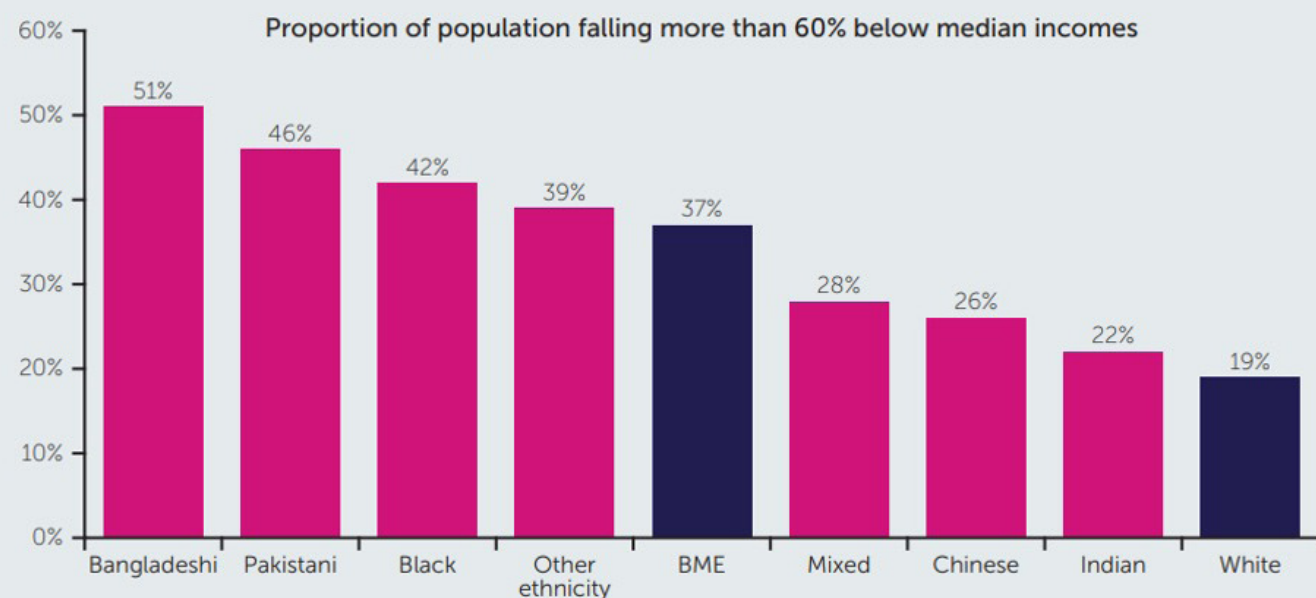


Spotlight on Black and minority ethnic (BME) communities

As the Office for National Statistics points out, ethnicity is a “multifaceted and changing phenomenon” that may be informed by country of birth, nationality, language spoken at home and skin colour, among other factors. Ultimately, ethnicity is a self-defined and subjective measure. In this section we refer to Black and minority ethnic groups (BME for short).

Demographic groups are impacted differently by the cost of living crisis. Published in October 2022, the Runnymede Trust’s report [Falling Faster amidst a cost-of-living crisis: poverty, inequality and ethnicity in the UK](#) reveals Black and minority ethnic people are 2.5 times more likely than White people to be in relative poverty. BME people make up 15 per cent of the UK population, yet 26 per cent of those in deep poverty are from a BME background.

Figure 1: Relative poverty rate by ethnicity



Source: DWP (2022a), own analysis

Source: Runnymede Trust

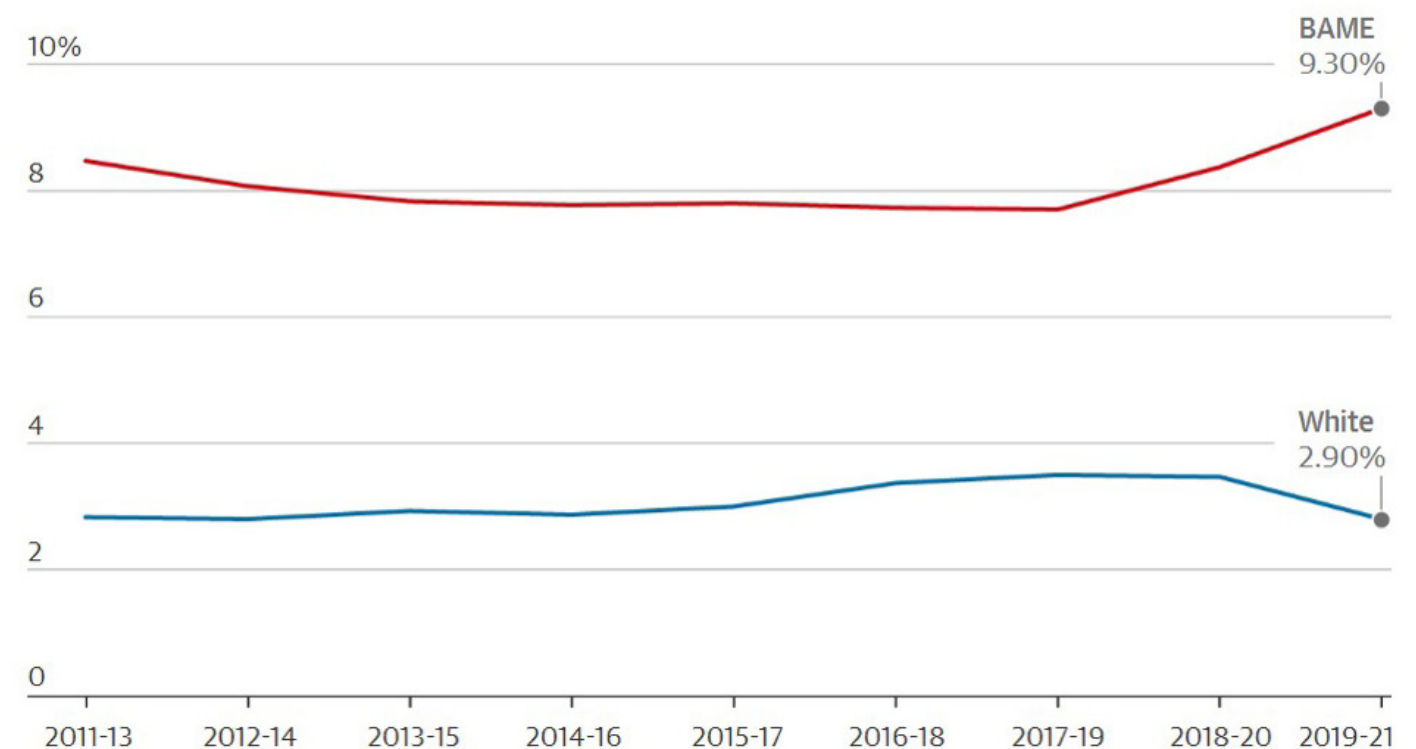
BME communities were more severely hit by the effects of the financial crisis of 2007-08 and of COVID-19. Changes to the tax and social security system have also hit BME families harder. The effect of these means BME families and communities have been disproportionately affected by the current cost of living crisis, with more than half (52 per cent) of BME people expected to experience fuel poverty this winter compared with 36 per cent of White people.

JRF’s UK [Poverty 2022](#) report highlighted people in Pakistani¹, Bangladeshi and Black families all have high poverty rates, of double or more that for the White majority. In May 2022, the [New Economics Foundation](#) (NEF) published an [analysis](#) warning that black, Asian or other ethnic minority (BAME) households are experiencing costs 50 per cent higher than their White counterparts as a portion of their income. The Foundation’s analysis drew on data from [the government’s annual Family Resources Survey](#), published March 2022, which found that Black, Bangladeshi and Pakistani households are disproportionately likely to face “low” or “very low” food security.

“People from BAME backgrounds tend to be younger and in larger households, meaning their cost of living is higher... Benefits policy has had an impact too, particularly the “two-child limit” restriction on Universal Credit, and the benefit cap. These policies have disproportionately impacted BAME households, who also have lower incomes”. (New Economics Foundation)

Experimental statistics suggest the proportion of BAME children living in deep poverty has started to climb

% of children falling below 50% of median incomes and experiencing material deprivation



Guardian graphic. Source: Runnymede Trust analysis of ‘Households Below Average Income’ data from the Family Resources Survey, Department of Work and Pensions

Poorer housing outcomes

A report from the UK Collaborative Centre for Housing Evidence (CaCHE) on [Race Equality in Housing](#), published December 2022, points to long-standing ethnic inequalities in housing in the UK: minority ethnic groups are more likely to live in poor quality housing, in more deprived neighbourhoods and less likely to be home owners. These inequalities matter as the housing people live in impacts on what they can do. It affects access to opportunities, including jobs, education, and services. It informs health and wealth.

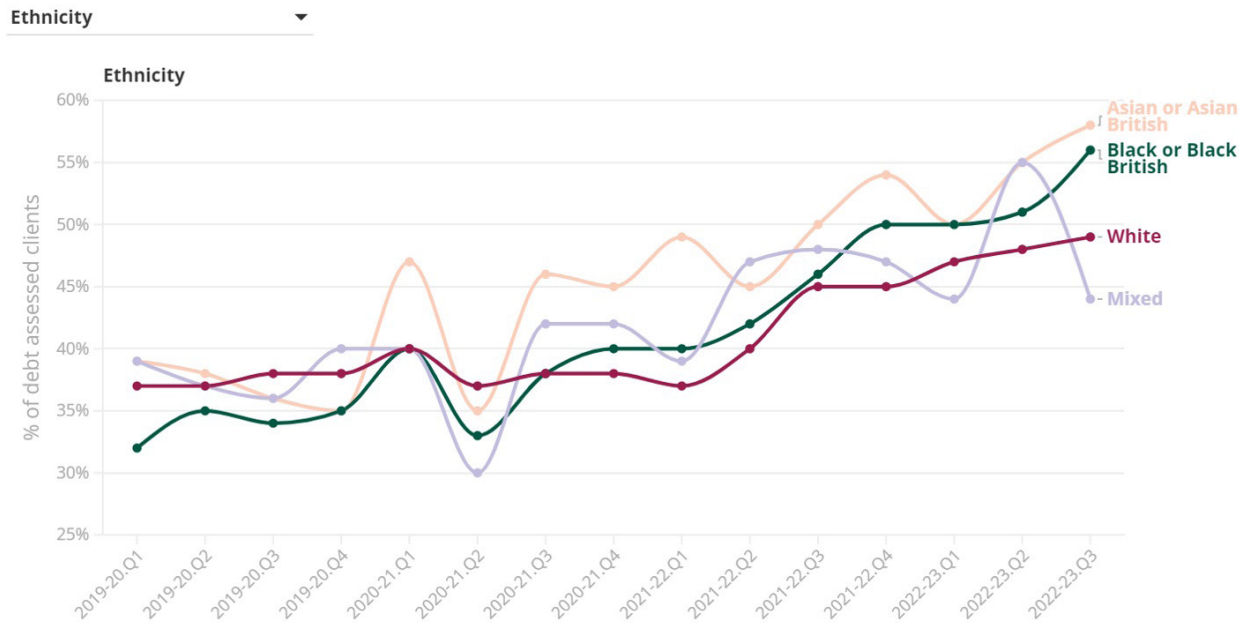
Less financial security

The Resolution Foundation’s [Living Standards Outlook \(2023\)](#) found that more than 52 per cent of Black people reported savings of less than £1,000, approximately double that of White people (28 per cent). Just 16 per cent of Black people (compared to 42 per cent of White people) say that they could use existing savings to pay for an unexpected expense, leaving them more likely to cut back on non-essentials (18 per cent) and essentials (14 per cent).

[Citizens Advice data](#) shows that they are helping more people with debt issues from BME groups:

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.



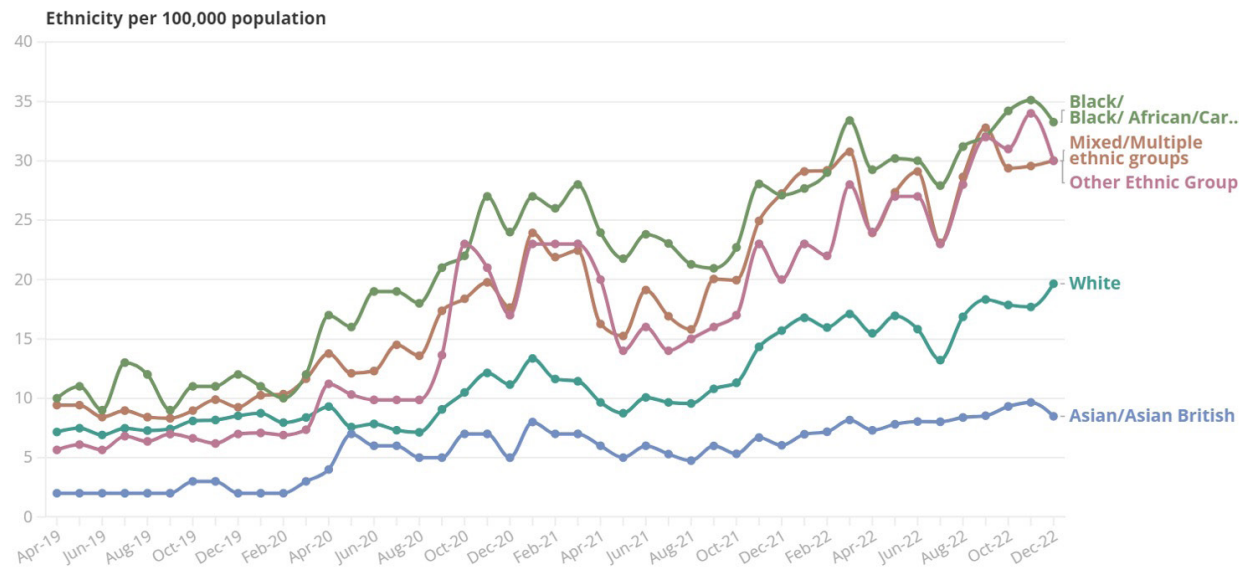
Source: [Citizens Advice data dashboard](#)

Higher food insecurity

The Resolution Foundation’s [Living Standards Outlook \(2023\)](#) reports that ethnic minorities are also likely to be experiencing higher levels of food insecurity, for example 51 per cent Asian and 48 per cent of Black adults reported that they were experiencing food insecurity compared with 29 per cent of White adults.

The number of people we are referring to food banks by demographic group

Ethnicity per 100,000 population



Source: [Citizens Advice data dashboard](#)

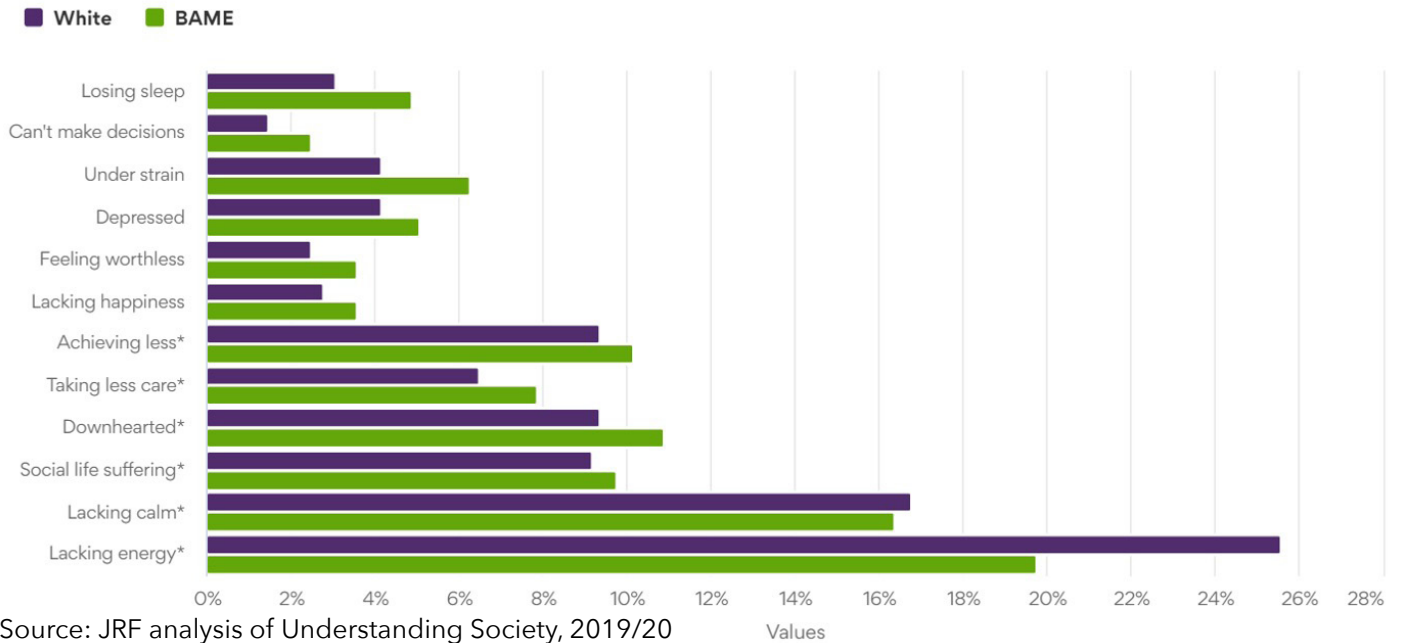
Worse mental health

According to the Resolution Foundation, splits by ethnic groups suggest that the mental health of Black and Mixed-race people is worsening at faster rates than other groups, with emotional distress of Black people rising from 35 per cent to 50 per cent, and that of Mixed-race groups from 40 per cent to 58 per cent between October 2021 and November 2022.

A [blog](#) by JRF (November 2022) explores how three particular ethnic communities, each with certain distinct social or economic disadvantages, fare in relation to British White people against 12 mental health markers. This highlights how material insecurity can negatively affect mental health and the role that racial injustice plays.

Nearly all distress indicators are higher among BAME than white individuals

Source: JRF analysis of Understanding Society, 2019/20.



Source: JRF analysis of Understanding Society, 2019/20

Heightened risk of homelessness

The findings from a UK-wide study published by [Heriot-Watt University](#) in November found “overwhelming evidence” that people from Black and other minority ethnic communities face disproportionate levels of homelessness. The report found race, ethnicity and discrimination-related factors affect homelessness risks indirectly as well directly, through increased levels of poverty or the chances of being a renter rather than an owner. This, in turn, increases exposure to homelessness. Once the indirect effects were accounted for, the study found the relative risk of homelessness for Black and some other ethnic minority-led households grew significantly.

Energy crisis worse for Gypsy and Traveller people

A report by Friends, Families and Travellers (FFT) [Access to energy for Gypsies and Travellers living in caravans](#) published in December 2022 highlights the issues faced by Gypsy and Traveller families as energy prices soar. With 97 per cent of residents of local authority sites reliant on expensive bottled gas, families can pay over £500 per month for gas. Furthermore, households not linked to mains electricity supply, or those who purchase their supply from the site owner, are not eligible for the government’s £400 Energy Bill Support Grants. The report calls for improved access to mains supplies of household fuel.

Peabody Index Special Edition: Tracking ethnic minority experiences through pandemic lockdowns and the cost of living crisis

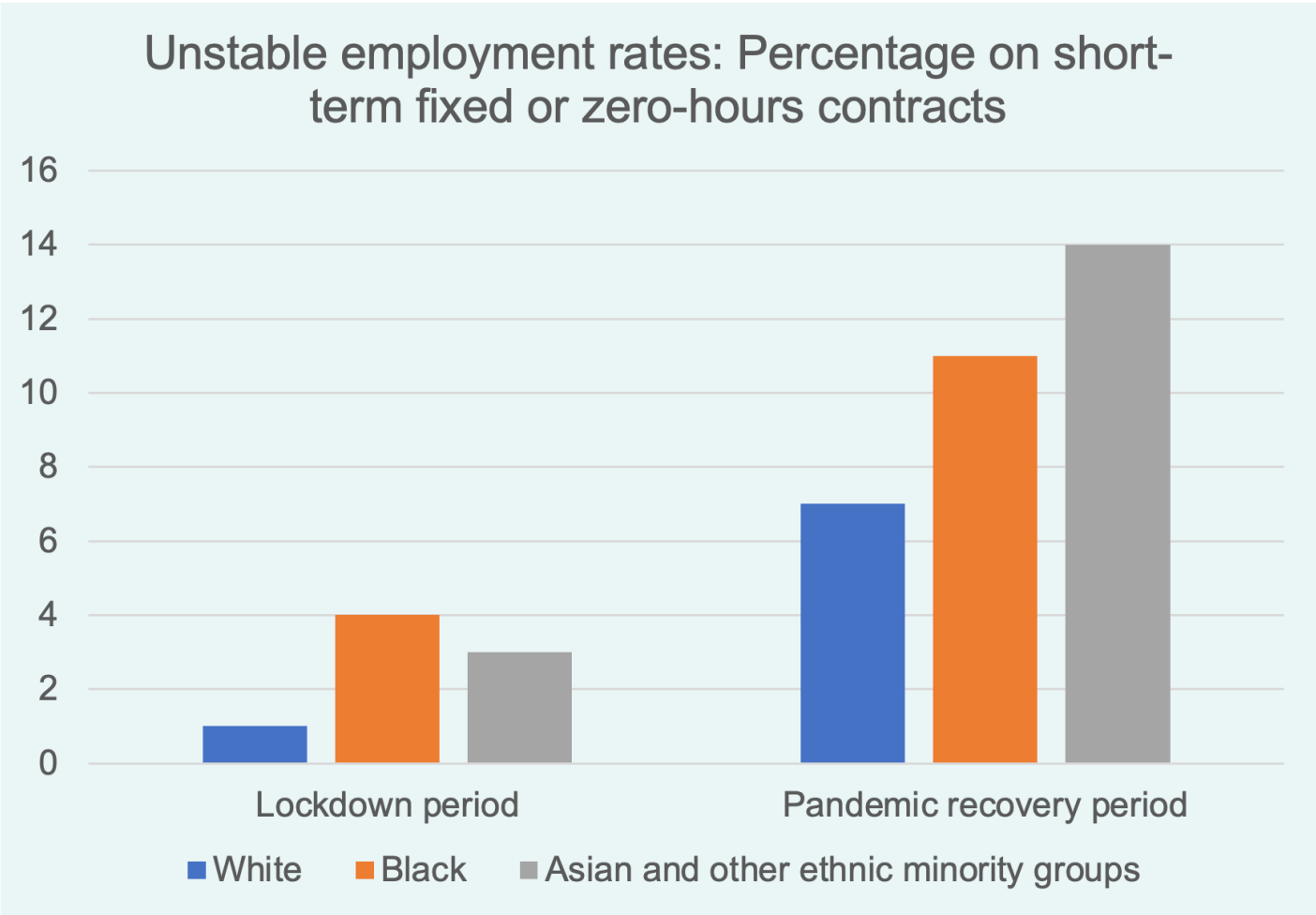
Peabody housing association runs an [Index](#) which tracks the average real (inflation-adjusted) household disposable incomes of London’s social housing tenants, and the extent to which they are changing in response to developments in the labour market, cost of living and welfare policy. In December they published a [special edition](#) of the Peabody Index which highlights their ethnic minority residents’ experiences over the past two years.

This found that despite rising employment rates, ethnic minority social housing residents have experienced rises in unstable employment, Universal Credit claims and hardship compared with White residents. Data compiled from over 4,000 surveys over two years shows that the cost of living crisis has had a disproportionate impact on ethnic minority groups.

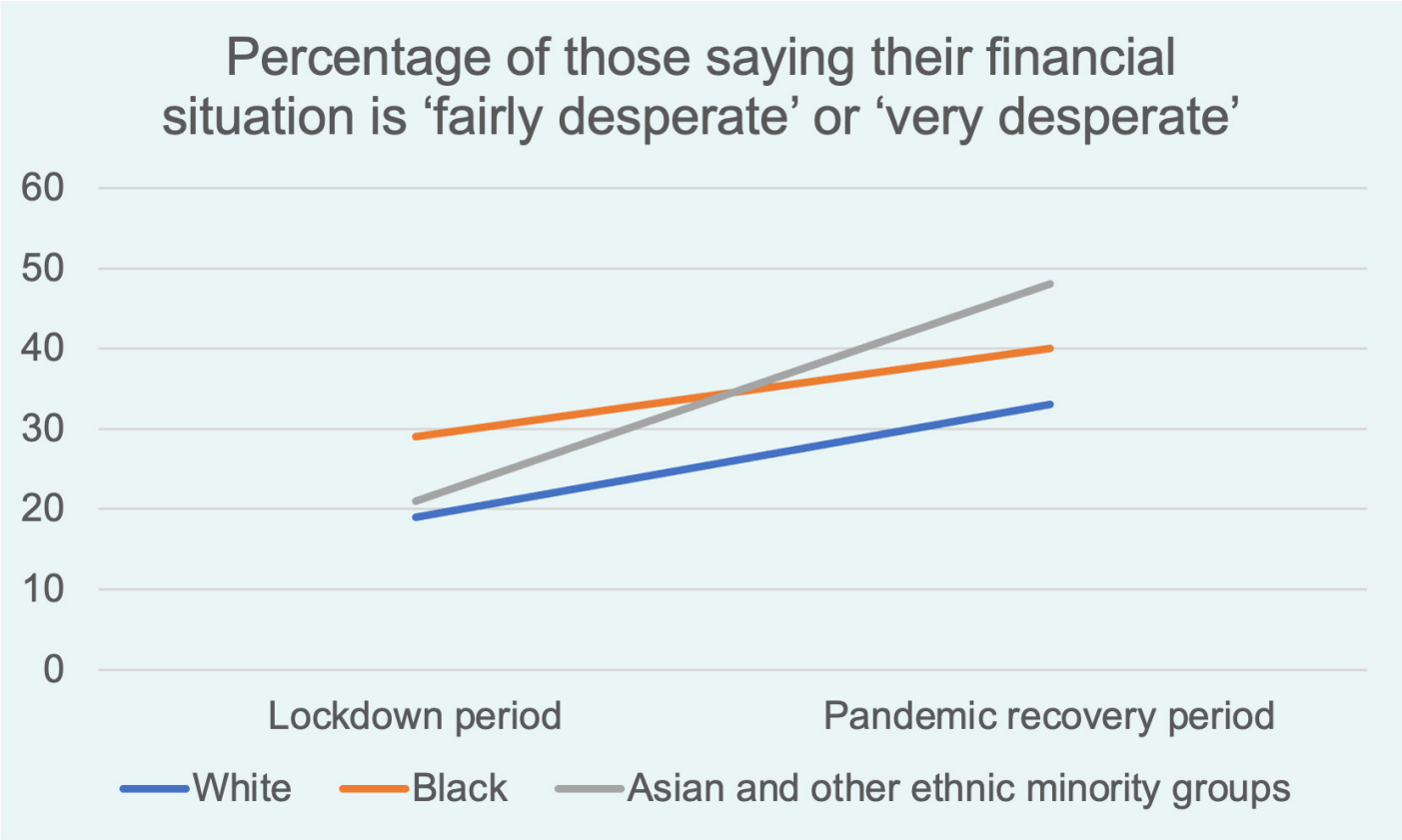
Headline findings

The findings reveal the disproportionate impact the economic lockdowns and pandemic recovery period have had on ethnic minority groups. The economy is picking up, but they found consistent and statistically significant differences between residents on key measures.

- **Employment stability - Working White residents were less likely to be in unstable employment contracts (seven per cent) compared with all other ethnic minority groups (12 per cent) in the pandemic recovery period.**



- **Living in a desperate financial situation - During the lockdown period, Black residents were much more likely to report being in desperate finances compared to White residents (about one in three compared with one in five).**



Peabody also explored whether the differences between ethnic groups could be explained by other demographic characteristics. Their ethnic minority residents are more likely to be young and to be single parents. Young people and single parents are more likely to have struggled financially throughout the last two years, so this will explain at least some of the difference. However, even among single parents, Black residents appeared to be struggling more - for instance, they had higher numbers of unstable working contracts and Universal Credit claims. In addition, during the lockdown period, Black single parents were more likely than White single parents to visit a food bank.

Addressing the root causes of poverty could help alleviate some of these differences, but there is a need too to better understand the reasons behind them and what more we can do to support ethnic minority groups who are struggling with the cost of living.

You can download the full report [here](#).

Institute of Race Relations: BME statistics on poverty, housing, and employment

[IRR's statistics](#) demonstrate how different organisations make use of different categories of race and ethnicity, meaning that spikes in data or nuances in definitions can lead to statistics which may not adequately reflect the experiences of some groups in society. Some examples include:

- Free school meals - eligibility for free school meals has historically been used as a measure for child poverty and deprivation. A [2019 FoI request](#) to the Department for Education revealed notable

disparities in the percentage of children eligible for free school meals by ethnicity - while 15 per cent of White British children were eligible, the figure was 28 per cent for mixed White and Black Caribbean children, 31 per cent for Gypsy/Roma children, and 57 per cent for children who are Travellers of Irish heritage.

- Zero-hours contracts - a [2021 report](#) by the TUC and ROTA revealed that women of colour (4.5 per cent) are almost twice as likely as White men (2.5

per cent) to be on zero-hours contracts. As these contracts do not provide a fixed wage, they trap workers in insecure, low-paid work, making it very difficult for them to make long-term financial plans or manage responsibilities such as childcare.

CIH submits evidence to APPG on Poverty

The All Party Parliamentary Group (APPG) on Poverty recently invited evidence on the (in)adequacy of social security. CIH welcomed the opportunity to respond to this. You can read our full submission [here](#) but a summary is below:

- The basic benefit rates are inadequate to maintain a reasonable standard of living. The Universal Credit (UC) standard allowance is around £215 or £385 per week below the Joseph Rowntree Foundation Minimum Income Standard for singles and couples respectively, and the pension credit standard guarantee is around £60 or £100 per week below.

➤ The income required to fully participate in society changes over time as values and expectations change. What was acceptable 20 years ago might not be so today. There should be an independent commission established to review the adequacy of benefit rates at least every ten years.

➤ There has been a failure to fully uprate benefits in five of ten tax years 2013/14 to 2022/23 and as a result the UC standard allowance is currently worth about 14 per cent less than its 2012 value (reducing to around 10 per cent immediately after the April 2023 uprating). Even when uprating is restored the ongoing losses from the years when uprating was suspended continue and are compounded.
- If the full uprating had been maintained, then after the April 2023 uprating the UC standard allowance would have lost only around 0.7 per cent of its value. Small losses or gains in the real value each year are largely due to whether inflation is rising or falling after the September benchmark. Small losses would be less critical if the rates were more generous.

➤ The current uprating convention is a reasonable proxy to ensure benefits maintain their real value but only so long as the annual uprating is faithfully adhered to. If benefit rates have no inbuilt tolerance, then there may be a need to review rates more than once year - maybe based on a high inflation trigger point.

➤ The comparison with April 2012 rates is of limited value due to the number and size of cuts that have taken place since. A straight comparison ignores the effect of the benefit cap where losses can run into £100s per week.
- The basic benefit and pension rates contain no element for housing costs. It is unreasonable to expect claimants to make up any shortfall from their UC standard allowance. Both tenants and homeowners are put under additional strain by the failure to adequately take account of housing costs.

➤ There should be a statutory requirement to uprate the local housing allowance annually in line with the 30th percentile rent.

CIH modelling

CIH modelled the uprating of benefits since 2012 to see how effective the link to September CPI is and to model the cumulative loss to working age benefits during the six years failure to uprate. The table below shows the cumulative losses/gains arising from the different uprating policies since the adoption of the CPI uprating policy in April 2012.

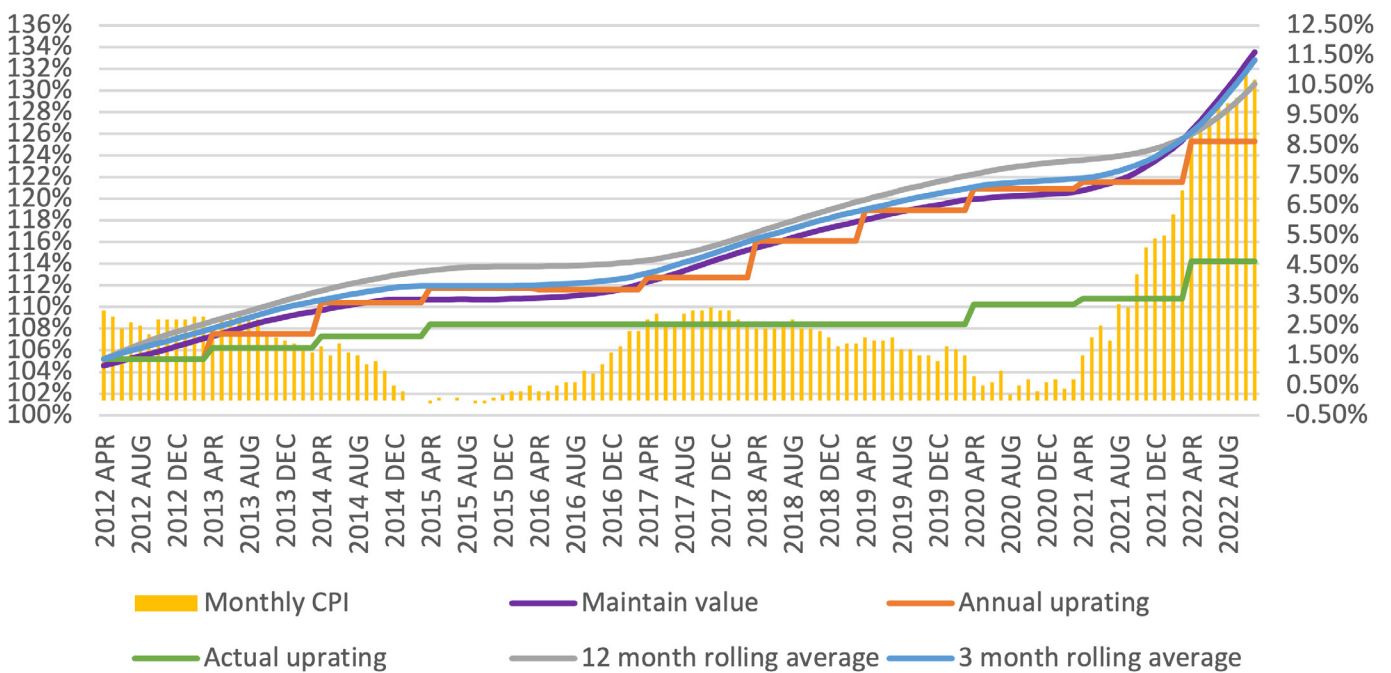
“The basic rate of benefits stands at a 40-year low (after adjusting for inflation) and is not sufficient to cover even the basic essentials.”
(Joseph Rowntree Foundation)

Comparison CPI inflation and uprating of pensions and benefits from 2012/13

Tax Year	CPI previous September (per cent)	Working age benefits (per cent)	State pension triple lock (per cent)	Pension credit standard guarantee (per cent)
2012/13	5.2	5.2	5.2	3.9
2013/14	2.2	1.0	2.5	2.5
2014/15	2.7	1.0	2.7	2.7
2015/16	1.2	1.0	2.5	2.5
2016/17	-0.1	0.0	2.9	2.9
2017/18	1.0	0.0	2.5	2.4
2018/19	3.0	0.0	3.0	2.9
2019/20	2.4	0.0	2.6	2.6
2020/21	1.7	1.7	3.9	3.9
2021/22	0.5	0.5	2.5	1.9
2022/23	3.1	3.1	3.1	3.1
2023/24	10.1	10.1	10.1	10.1
Cumulative	138.0	125.8	152.9	149.9

We then assessed how effective the uprating policy is at maintaining the real value of benefits by modelling uprating benefits monthly by the previous months CPI since April 2012 (using the previous April's figures as the baseline). The model included various uprating alternatives including the actual uprating for working age benefits, full uprating (without the six-year intermission), and a monthly uprating 12-month and three-month rolling average. The results are set out below.

Uprating benefits: various methods (Baseline April 2011)



How social housing providers are responding

Peabody housing association

In the last year [Peabody](#) has invested £6million in community activities. This has enabled them to:

- Support 884 people into jobs and apprenticeships across a range of industries as well as helping 579 people to achieve qualifications. Their team of expert employment caseworkers continue to support customers across their community centres and

online to get into employment or find better paid jobs

- Grow their Financial Inclusion team to support more customers and invest an extra £250,000 into their Emergency Hardship Fund to support customers in emergency situations with small grants
- Support 726 households with fuel assistance vouchers

- Deliver 107 food hampers over Christmas, to people receiving one-to-one support with managing their home, finances and improving their independence.

"I am doing well knowing support is here and it has helped me back to having feet firmly on the ground."
(Peabody resident)

Forgewood & Garrion housing co-operatives

[Forgewood Housing Co-operative](#) and [Garrion People's Housing Co-operative](#) Ltd are community-based housing co-operatives which offer a wide range of housing for rent.

Their joint cost of living approach is linked to their role as community anchors and builds on their strong response to the Covid-19 pandemic. Their three-stage approach involves reacting to the immediate crisis experienced by their tenants, addressing everyday cost of living concerns and focussing on longer-term responses and solutions.

Immediate/crisis response

The organisations have provided emergency cost of living support via an emergency fund or working with partners. They have then worked with individuals/families

on next steps and helped to provide ongoing support through agencies such as Citizens Advice or via a financial inclusion team referral to formal or informal support services, mental health groups, etc. They aim to create a bespoke approach, seven days a week, for everyone, delivered in a stigma-free way, such as providing food parcels which are relevant to an individual's needs, tastes, and cooking abilities. They also offer support to the wider community, not just tenants.

Everyday cost of living support

Many tenants are experiencing in-work poverty, worsened by the impact of the pandemic, and can often be embarrassed about seeking help or are unaware of what support is available. The organisations aim to support these tenants by:

- Raising awareness of advice/support agencies through drop-in events, community events, garden parties, etc
- Maximising opportunities such as applying for Cash for Kids vouchers
- Developing support services (formal and informal) with partners (the organisations now have two recovery cafes)
- Signposting to support services.

Longer Term

Via their community work, the organisations provide a wide range of events, programmes, and projects, taking a community development approach and co-designing many of these activities with other partners, individuals, and agencies.

Apex Housing Association

Funded by the Department for Communities and supported by [Apex Housing Association](#), the [Apex Community Supermarket](#) aims to support families in financial stress experiencing food poverty. It buys food from Fareshare (a network of charitable food distributors) and is supplied free items such as fresh breads from a local bakery, frozen food from a local wholesaler, dog food from a local pet shop and items due to expire from Tesco Express.

The supermarket offers a membership only scheme where for £5 per week families receive a range of good-quality fresh, frozen, tinned and dried groceries to the value of at least £25.

Each week 50 households receive food, as well as social, emotional, and financial support. In partnership with other organisations, Apex Community Supermarket provides members with access to free advice, knowledge and skills programmes covering areas such as money management, health & wellbeing, education, employability and self-development. The aim is to see an improvement in members' lives by the time their membership ends.

The current cost of living crisis has had a negative impact on supermarket members and to heat or to eat is the stark reality for many. Redundancy, zero-hour

contracts, relationship break-ups, bearing witness to or being part of a traumatic event such as bereavement, life-changing illness, suicide, accidents, criminal offences - all have the power to catapult a household into financial stress.

The supermarket partners with many other organisations who act as referral agencies and who nominate their clients for membership. It also links with organisations in providing a range of support services.

During 2021-22, members of Apex Community Supermarket received 4,612 instances of wraparound support. This consisted of 4,466 one-to-ones with staff and 146 instances of additional support services to address debt management, benefit advice, counselling, further education, employment, nutritional counselling as well as cooking classes.

This year, there has been a dramatic increase in the number of families in financial stress contacting the supermarket for help. The waiting list has increased from 8-20 families in 2020 to 34-57 families each month in 2021-2022. There has also been an increase in the number of members unable to pay for their weekly shop. In August 2022, 21 families were unable to pay their £5 weekly membership fee to cover their shopping, compared to just eight families in January 2022.

Sovereign housing association

[Sovereign](#) housing association has pledged an additional £3million in funding to support its customers most impacted by the cost of living crisis. Eligible residents will benefit from a range of financial, employment and debt-related advice services. Access to the support will be data driven, with the association contacting customers to help it identify who will benefit the most from this support.

The fund is made up of:

- **An in-house money and debt advice service** to help customers manage their finances and sustain their tenancy - with home visits available to those that may struggle to get online
- **Money coaches** to provide customers with a commissioned service which will improve their understanding of budgeting and attitudes towards money
- **Mental health and money support** for individuals suffering with mental health conditions, where it becomes apparent that their mental health is having a knock-on-impact on their finances and ability to budget
- **Tenancy support** to be expanded to customers living in shared ownership homes. Previously this support was only available to those living in social rented accommodation
- **In-work coaches** to help its customers in work find better paid work through one-to-one support.

What is CIH calling for?

The autumn statement in November 2022 introduced some measures which will help to address the cost of living but there are several areas where further action is needed. In the upcoming Spring Budget, we are calling for:

1. Restoration of local housing allowance rates to at least the 30th per centile and a return to annual uprating
2. Introduction of a social tariff for the energy market - a discounted, targeted tariff aimed at those in greatest need
3. A ban on energy companies forcibly switching customers to prepayment meters and additional support for those who struggling this winter
4. A concerted programme to raise the energy efficiency of existing housing stock at pace and a commitment to bring forward additional funding for energy-efficiency measures in homes
5. Increased investment and grant levels to provide the number of homes at social rents we need each year
6. More investment in existing and new supported housing to meet a range of needs.

CIH is a member of the End Child Poverty Coalition and End Fuel Poverty Coalition.



Useful resources

A summary of useful resources available:

- Government - [cost of living support](#), [energy bills support factsheet](#) and [stakeholder toolkit](#) on help for households
- House of Commons library briefings on the cost of living
- Money Saving Expert - [cost of living help guide](#) and [energy price cap calculator](#)
- Money Helper service - free, confidential, and impartial help tailored to individual needs
- Energy Saving Trust - information about practical ways to save money on energy bills
- Energy UK - winter support hub information on energy bills, energy efficiency etc
- LEAP - free service helping people keep warm and reduce their energy bills
- CPAG Fuel Rights handbook
- Citizens Advice - information on grants and benefits available to help with energy bills, plus an online benefits calculator. The charity also runs a cost of living [dashboard](#) to track impact and monthly briefings; you can sign up to the next one [here](#)
- Local Government Association - [cost of living hub](#)
- HACT provide a range of resources to help social housing providers support their tenants
- Warm Spaces map - national map and directory to register a space as a 'warm bank' and direct people to support
- National Energy Action - free training for housing association staff on fuel poverty - see [here](#) for details. Also providing Winter Warmth Support Packs for vulnerable and at-risk clients (distributed to existing service users identified as needing additional support)
- Fuel Bank Foundation - provides financial support and practical advice
- One Home - provides information and advice on practical solutions to save money and reduce carbon emissions
- Lightning Reach portal - brings range of support from across sectors in one system, matching those in financial hardship with eligible funding
- Charis Grants - administrator for many funds and grants
- Turn2us - search grants that provide financial support to people who need it
- Together through this crisis is a new website from a coalition of charities and organisations to help provide support and provide a forum for people to help.



Around £19 billion of existing benefits and support is unclaimed by households every year. People can use Policy in Practice's free [Better Off Calculator](#) to ensure they are claiming all the support they are eligible for.

Webinars

If you missed any of our previous cost of living events, you can catch up with them at [Cost of living crisis briefings - Chartered Institute of Housing \(cih.org\)](#).

These are free to access for CIH members:

- Tackling the cost of living masterclass
- The gendered impact of the cost of living
- The impact on families and children
- The cost of living and disability



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