

HEATING OR EATING

*A second Interim Report about
the Cost of Living in Somerset*

A Management Summary

We believe that everyone in Britain should have the chance of a healthy, decent and secure life. Instead, too many people, including families, experience destitution – meaning that they can't afford basics such as shelter, heating and clothing.

Costs of fuel and food and other essentials are rising steeply – incomes are not.

For example: in the last year, energy bills have roughly doubled (up roughly 100%), despite the new energy price cap, while incomes have gone up by a tiny fraction of that (something like 3%). We recognise that other government interventions help, but we conclude that it is not enough.

Today's news indicates that people will have to pay more for mortgages.

There is no reason to think this is over. Although it is clear that the new government acknowledges the problem.

The Rate of Inflation is at 9.3%. Few incomes are rising that fast, but we note that pensions that are index-linked will rise next April (2023).

A household with an income of less than £17940 is below the Poverty Line according to the definitions used by the Office of National Statistics. £19751 adjusted for inflation.

We believe that to define poverty we must take account of necessary expenditures. The ONS definition is not fit for purpose. It almost completely obscures Rural Poverty.

Almost half of single parent families, lived in Poverty before this inflation began. Three quarters of those children growing up in Poverty are in working households. This is not good enough for a civilised country.

Despite the assertions of some parts of the media, it is only in EXTREMELY RARE circumstances that it is possible to claim more in Benefits than one would earn for a 16-hour week on the National Living Wage.

We recognise and applaud a number of government interventions to reduce Poverty – such as the Household Support Fund, Pensions, the Pension Credit system, Benefits, Winter Fuel Allowances, Free School Meals. But we exhort the relevant authorities to do more of the same.

It is already emerging that stress from this experience is affecting the mental health of those who are struggling and we expect to explore that in subsequent versions of this report.

A closing thought – what would be the consequences for creditors such as landlords and local authorities - if those who live in Poverty simply give up and conclude that life is hopeless – and default on their debts ?

RECOMMENDATIONS

NATIONAL

We recommend uprating pensions and Benefits twice a year. The current annual uprating mechanism operates against pensioners and claimants.

We recommend a review of definitions of Poverty to take into account necessary expenditures. Particularly we recommend reverting to the Retail Price index as the standard measure of Inflation in the UK because it factors Housing into the calculation and better reflects the people's predicaments.

We recommend a further increase in the National Living Wage.

We recommend further improvements to the Universal Credit taper rate.

We align with the Joseph Rowntree Foundation recommendation of a Minimum Income Standard for the UK¹ (See Appendix A).

LOCAL

We foresee implications of widespread debt default on low end rents and Council Tax: that landlords will cease to offer their property, and that landlords will have difficulty with care home fees. We recommend planning for these exigencies.