



Chartered
Institute of
Housing

COST OF LIVING CRISIS

A spotlight on younger people

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

August 2023

Welcome to issue no.9

The cost of living continues to place huge pressures on people across the UK. Whilst Britain's inflation fell to 6.8 per cent in July (down from 7.3 per cent in June), it remains high. We look at what this means in practice, with a focus on housing.

This Chartered Institute of Housing (CIH) briefing is the ninth in a series as we address the question: "what is the impact of the cost of living crisis on younger people – and what action is needed to address?"

Topics in this edition:

- [Latest evidence on the crisis](#)
- [The cost of living crisis is a housing crisis](#)
- [Social housing perspective](#)
- [Spotlight on younger people](#)
- [What is CIH calling for?](#)
- [Useful resources](#)

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

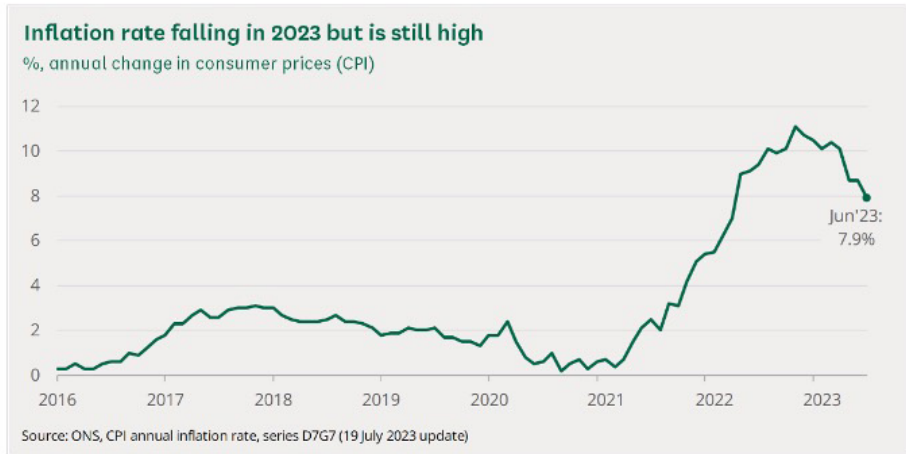
For any feedback on our briefings or suggestions for future topics please email policyandpractice@cih.org.

Latest evidence on the crisis

INFLATION AND INTEREST RATES

Whilst inflation fell to 6.8 per cent in the year to July from 7.3 per cent in June, UK inflation continues to sit higher than other comparable economies: the Eurozone average is 5.3 per cent and the US 3.2 per cent.

The price of food and non-alcoholic beverages rose by 14.9 per cent in the year to July 2023 (down from 17.4 per cent in June). In an effort to bring inflation down further, the Bank of England increased interest rates again in early August - to 5.25 per cent. This marks the highest rate since April 2008. The Bank [expects](#) inflation to fall below five per cent in the final quarter of 2023 but there is speculation that interest rates may be increased again.



According to the [Office for National Statistics](#), 60 per cent of adults in Great Britain reported an increase in their cost of living in June-July 2023 compared to a month ago. This impacts people's ability to meet essential costs. Findings from the [ONS Opinions and Lifestyle survey](#) for February to May 2023 of groups of the population having difficulty with their rent, mortgage or food shopping showed:

- Around a third (35 per cent) of adults reported it was difficult to afford their rent or mortgage payments. This was higher among those receiving support from charities (57 per cent), living in a household with one adult and at least one child (47 per cent), receiving some form of benefits or financial support (45 per cent), Asian or Asian British adults (53 per cent), Black, African, Caribbean or Black British adults (47 per cent), renters (43 per cent) and disabled adults (41 per cent)
- Around four in 10 (43 per cent) renters reported it was difficult to afford their rent payments, and around 3 in 10 (28 per cent) mortgage holders reported it was difficult to afford their mortgage payments.
- Around one in 20 (5 per cent) of adults reported that in the past two weeks they had run out of food and been unable to afford more. This was higher among those receiving support from charities (45 per cent), living in a household with one adult and at least one child (28 per cent), receiving some form of benefits or financial support (21 per cent), Mixed or Multiple ethnicity adults (14 per cent), Black, African, Caribbean or Black British adults (13 per cent), renters (14 per cent) and disabled adults (9 per cent)



The number of people missing payments on essential household bills like energy, phone and water is now as high as it was over the winter, according to consumer group Which?.

"These [food] rises are hitting the poorest the hardest, as it creates a poverty premium where those on tighter budgets are unable to save by buying in bulk and end up spending more money on food and essentials, as they shop little and often." (StepChange - debt charity)

FOOD INSECURITY

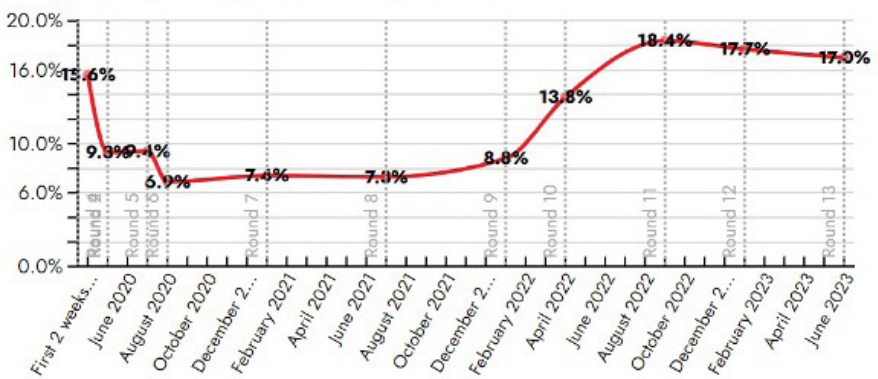
Food inflation falling does not mean a drop in food prices - they are simply rising less quickly and costs remain much higher than they were two years ago, disproportionately affecting low-income households.

Research by consumer body [Which?](#) shows that food prices have risen significantly over the past two years, and some products have gone up more than 30 per cent since 2021.

The Food Foundation charity has conducted nationally representative surveys since the start of the COVID-19 pandemic to monitor levels of food insecurity and track the scale of the problem. The findings from their most recent survey, conducted in June 2023, found that [17 per cent of households experienced food insecurity the previous month](#). They also show that children and benefit recipients are continuing to be disproportionately impacted by food insecurity.

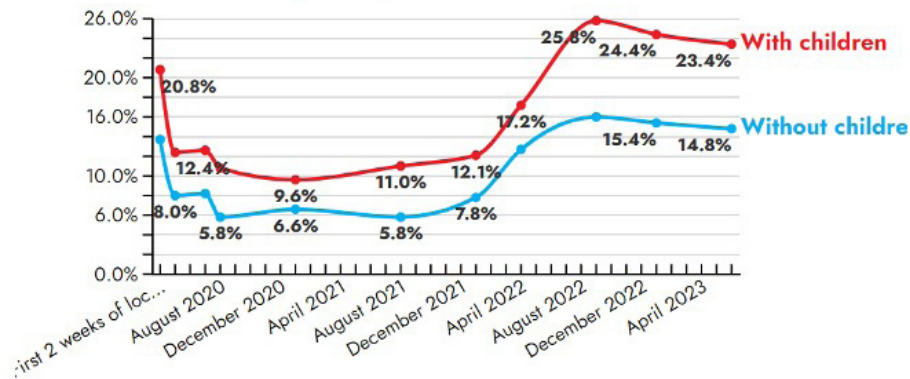
9 million adults (17% of households) experienced food insecurity in June 2023

Percentage of households experiencing food insecurity*:



23.4% of households with children reported experiencing food insecurity in June 2023 compared with 14.8% of households without children

Percentage of households experiencing food insecurity*:



Source: [Food Foundation](#)

REAL EARNINGS STRUGGLE TO KEEP PACE WITH RISING COSTS

[Labour market data](#) shows total pay (including bonuses) for employees rose by 7.8 per cent in April to June 2023, the highest regular annual growth rate since comparable records began in 2001. (This total growth rate is affected by the NHS one-off bonus payments made in June 2023.) However, in real terms (adjusted for inflation) growth in total pay rose by just 0.5 per cent and regular pay by 0.1 per cent. Earnings are not set to recover fully until early 2026.

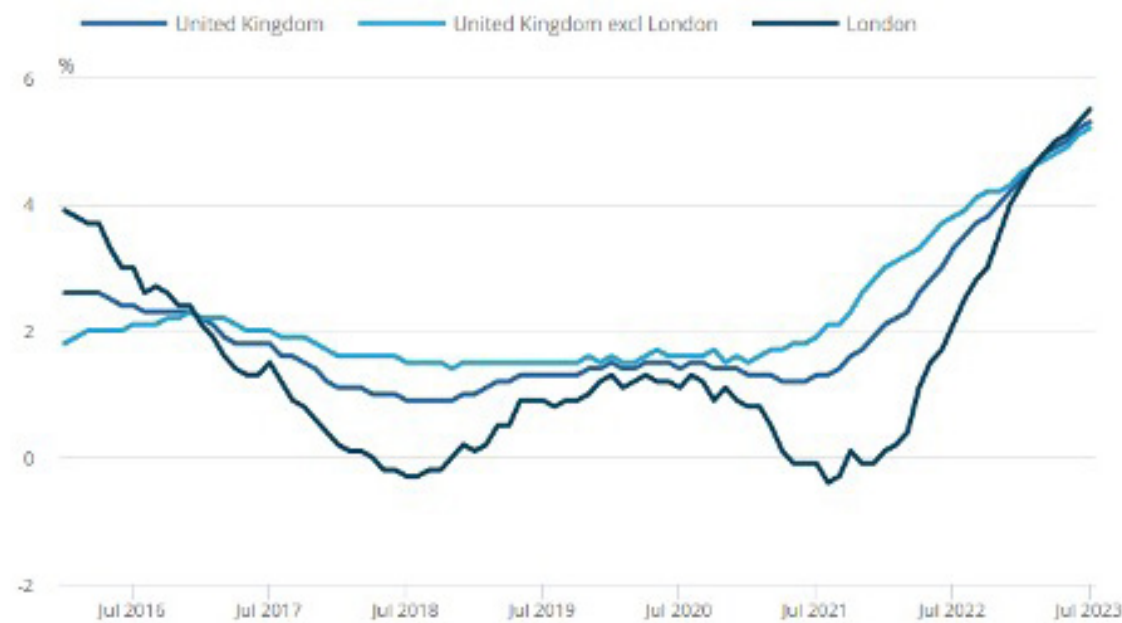
Being in work is no guarantee of avoiding a negative budget. Though the minimum wage has increased, much of it has been lost to inflation and it [does not protect](#) a growing group of low-income self-employed workers. Of the people Citizens Advice help with debt advice who work full-time, 40 per cent are now in a negative budget; 60 per cent of those who are self-employed.

RISING HOUSING COSTS

The cost of living crisis continues to be exacerbated by high housing costs and a shortage of affordable homes, notably social housing.

The [Office for National Statistics](#) (ONS) publishes a monthly Index of Private Housing Rental Prices, which tracks changes in the price paid by private tenants in the UK. Private rental prices in England grew by 5.2 per cent over the year to July 2023, 6.5 per cent in Wales and 5.7 per cent in Scotland. Within England, the highest annual percentage change was in the West Midlands, Yorkshire and the Humber, and London, at 5.5 per cent, while the North East saw the lowest (4.4 per cent). London's annual percentage change in private rental prices was 5.5 per cent in the 12 months to June 2023, above the England average and its highest annual rate since September 2012. At the same time, local housing allowance rates (for those eligible for benefit support with housing costs) have remained frozen at 2020 levels.

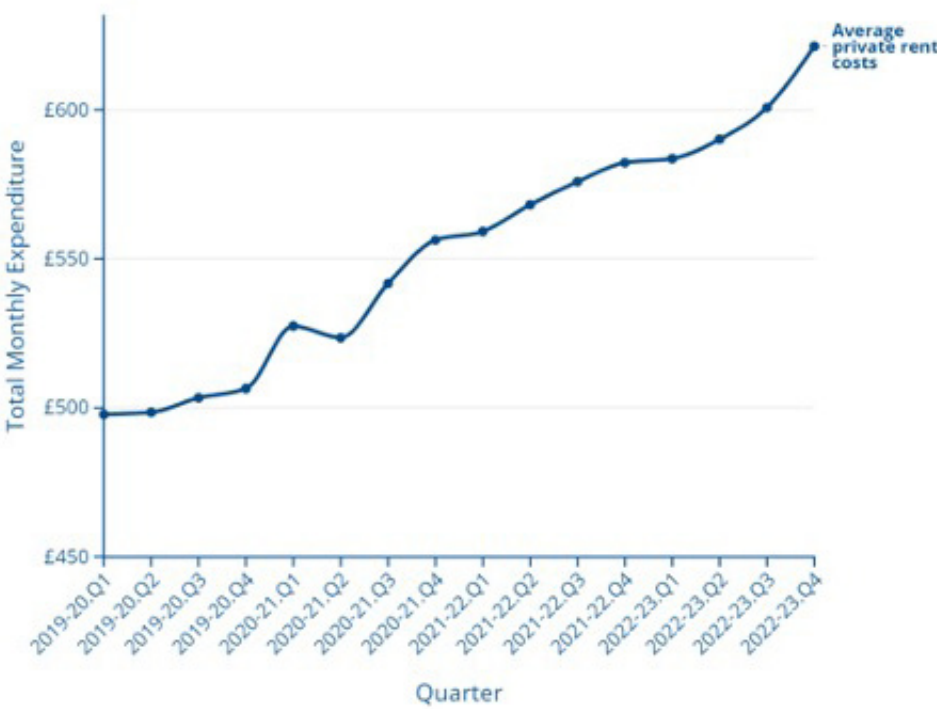
Index of Private Housing Rental Prices percentage change over 12 months,
UK and London, January 2016 to July 2023



Source: Index of Private Housing Rental Prices from the Office for
National Statistics

NB. The [HomeLet Rental Index](#) for July suggests that the average rental price for a new tenancy in the UK increased by 10.3 per cent from last year.

Latest (2021-22) data from the English Housing Survey shows that, on average, [private renters spent a third of their income on rent](#). Evidence from charities such as Citizens Advice shows the situation for renters is worsening faster than official statistics can track. For the people they help with debt advice, average private rental costs have increased by 25 per cent since 2019:



Source: [Citizens Advice](#)

A survey of more than 2,600 public service workers in the UK commissioned by union Unison found that housing costs have increased for more than three in five workers (63 per cent). Their report, [Through the Roof](#), asked how many Unison members in different housing tenures spent 60 per cent or more of their household income on accommodation. A quarter of housing association and council tenants, almost a third of private renters and nearly one in five of those paying a mortgage did so.

Citizens Advice data also shows a 200 per cent spike in the number of people seeking assistance on evictions for non-payment of rent, tripling from 300 cases in 2019 to 900 in 2023.

In February, a [committee of MPs from all parties](#) called on the government to increase the local housing allowance: "The failure of local housing allowance rates to keep pace with market rents is quite obviously making the private rented sector even less affordable for many people."

For those who own their home with a mortgage, rising interest rates are placing significant pressure on their ability to pay. The cost of new mortgages rose from around 1.5 per cent at the start of 2022 to 5.25 per cent in August 2023 (the most recent month for which data are available). The Financial Conduct Authority [suggest](#) around 200,000 households were in mortgage arrears in mid-2022 and a further 570,000 will be at risk of default over the next two years because housing costs will exceed 30 per cent of their incomes.

Renters are vulnerable to rising mortgage costs too: research by Zoopla estimates around 60 per cent of rented properties are mortgaged, with most of those on interest only mortgages, meaning they are particularly exposed to rate changes.

Rising housing costs are impacting homelessness rates. The [number of households](#) assessed as homeless, or threatened with homelessness, has increased by 5.7 per cent since last quarter - an increase of 11.5 per cent since last year. The [latest data](#) also shows a 12 per cent increase in people sleeping rough for the first time in London on the same period last year - an eight per cent rise on the previous quarter.

The number of households living in 'temporary' accommodation has also increased by 10 per cent since last year (up four per cent since last quarter). There were over 100,000 households sleeping in temporary accommodation (B&Bs, hostels etc) at the last count in March 2023 - including over 100,000 children.

ENERGY COSTS

Around 6.6 million UK households are in fuel poverty.

ONS reporting shows that gas and electricity prices rose 36.2 per cent and 17.3 per cent respectively in the year to June 2023 - one of the largest contributors to the overall inflation rate since April 2022.

Average electricity and gas payments have almost doubled from £108 in May 2020 to £200 in June 2023, according to data from Pay.UK and Vocalink. In the same period, the proportion of monthly Direct Debit energy payments which failed because of insufficient funds has quadrupled.

Despite support in place (the government introduced new support packages for vulnerable households from 1 April 2023 to replace the Energy Bills Support Scheme and other programmes which ran over winter 2022/23) energy customer debt and arrears have increased by more than 107 per cent over the last five years (Ofgem). The total debt and arrears across electricity and gas existing for more than three months increased to £2.25 billion in January to March 2023, up

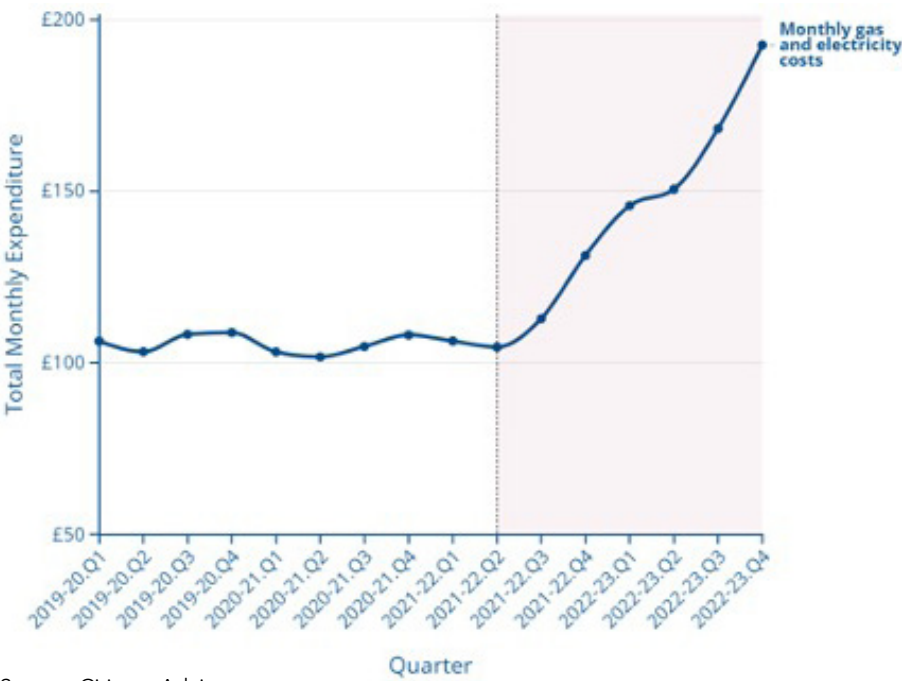
from just under £1.1 billion in the same period in 2018. Research compiled by Money Advice Trust shows that 5.5 million UK adults are now behind on their energy bills, approximately 2.1 million more than in March 2022. An estimated 3.2 million people have also received repayment demands from their energy supplier that they cannot afford.

Polling by Citizens Advice shows that, in the last six months, nearly seven million people have had to go without heating, hot water and electricity. This includes 2.2 million disabled people and 1.25 million children. In the last few months, two million people on prepayment meters have been cut off from their supply because they could not afford to top up. For the people the charity helps with debt advice, the average amount spent on gas and electricity has increased by 73 per cent since 2019 – from £112 per month to £194.

Ofgem announced in May that the energy price cap for July to September 2023 would fall to £2,074 (for typical annual dual fuel consumption for direct debit customers). This took the cap to

below the Energy Price Guarantee level, so customers on standard variable tariffs saw a fall in the prices they pay for energy from July. This was the first widespread fall in prices for just over three years, but the new cap is still around 60 per cent higher than the summer 2021 level and is above the summer 2022 price cap. The next price cap is due to be published on 25 August 2023.

Improving the energy efficiency of domestic homes can help to offset rises in energy costs. However, the Climate Change Committee's latest report to parliament classified progress in this area as 'significantly off track', stating that "overall energy demand will drift further off track without faster deployment of energy efficiency measures in homes." The delivery of the government's flagship energy efficiency scheme, the Energy Company Obligation, has significantly slowed. Only 111,857 measures were delivered between April 2022 and March 2023, according to provisional government data, compared to 363,970 the previous period, a decrease of 69 per cent.



Source: Citizens Advice

“High energy prices are here to stay and without structural changes to the energy market to make energy more affordable for the most vulnerable, each winter will feel lack the one just gone. We urgently need the UK Government to implement a social tariff for the most vulnerable – it is vital to help those who cannot stay warm, safe and healthy at home.” (National Energy Action)

RISING DEBT

Citizens Advice report (Living on Empty) that the annual income the people they help with debt advice need to avoid a negative budget has more than doubled since 2019, from around £7,000 to more than £15,000. As the cost of essentials continues to rise faster than incomes, they are seeing more people who just can't make ends meet.

“Before the cost of living crisis, the average debt client had £33 left after paying for essential costs each month – now they have an average shortfall of £36 per month.” (Citizens Advice)

DISPROPORTIONATE IMPACT

Latest analysis from the Joseph Rowntree Foundation (JRF) shows households with a disabled person are falling behind faster in the cost of living crisis. Data from JRF's cost of living tracker from May 2023, which surveyed 4,000 low-income households (those in the bottom 40 per cent of incomes) across the UK, shows: almost six in ten low-income households with a disabled person experienced food insecurity in April/May 2023 (57 per cent); seven in ten went without essentials between November and May (71 per cent), and almost half were in arrears with at least one household bill (48 per cent). In addition to financial hardship, households with a disabled person are more likely to experience health and wellbeing impacts from the cost of living crisis than households without a disabled person.

New research from Independent Age highlights the experiences of people from minority ethnic communities.

Research published by Marie Curie has highlighted the disproportionate impact of higher energy costs on people living with terminal illnesses. Their analysis shows that a terminally ill person's energy bill can rise by 75 per cent after their diagnosis, and that 84 per cent of Marie Curie staff have cared for patients who were struggling with the cost of energy. However, they also found that most terminally ill people receive no support to run at-home medical equipment, so could experience increased risk of unplanned hospital admissions. The cost of operating an oxygen concentrator can be £65 per month.

Research from National Energy Action, in partnership with Friends, Families and Travellers, surveyed members of the Gypsy, Traveller, Roma and Nomadic (GTRNC) communities on how they are managing their energy bills, as well as barriers to support and advice during the energy crisis. It found that almost half (43 per cent) of surveyed GTRNCs have not received any Government support through the energy crisis and that for more than 70 per cent of GTRNC households, energy/fuel is unaffordable, with 42 per cent able to 'just about manage', 23 per cent finding costs 'quite difficult' and 9 per cent finding costs 'very difficult'. Households said they were frequently and unfairly excluded or made to meet requirements with additional steps compared to other households.



The cost of living crisis is a housing crisis

Housebuilding has failed to keep pace with demand for years, with a sharp decline in social house building in the last decade. In 2010, funding for affordable housing was cut by 63 per cent, including all funding for social rented homes. Although rules were later relaxed to allow some social rented homes to be built, this caused an 81 per cent fall in delivery of new social housing. Last year only around 7,500 were built (with more lost to Right to Buy and demolition). This is against an identified need for at least 340,000 homes each year in England to 2031, including 90,000 for social rent (Heriot Watt, 2018).

Pressures on affordable housing supply fuel housing inflation and we see this in [rising private rents](#) which have increased by their highest annual rate since records began in 2016, up by 5.1 per cent in the year to June (from three per cent in June 2022). The government is now [set to spend](#) five times more (£58.2 billion) on subsidising private landlords via housing support than on its entire affordable housebuilding programme (£11.5 billion for the Affordable Homes Programme) over the next four years.

A chronic housing shortage, soaring rents and the ongoing freeze on Local Housing Allowance (LHA) rates are all contributing to the crisis.

As of March 2022, there were **1.2 million households in England** on their local authority's housing waiting list, up **4.7 per cent** from March 2019. In London alone, there are **more than 300,000 households waiting**, up **26 per cent** on 2019. A total of **79,840 households in England** faced homelessness between January and March 2023, the highest number on record.

Increased pressure on private renters

Latest You Gov polling for Shelter, featured on [C4 news](#), shows that:

- One in two working private renters – 3.2 million adults – would not have enough in savings to pay their rent for more than a month if they lost their job. This is up by almost a third (31 per cent) in two years
- More than half (55 per cent) of private renters have had their rent put up in the last year, putting huge strain on people's finances. As a result, 2.1 million tenants (37 per cent) are now struggling or behind with their rent
- Half of working renters are only one paycheque away from losing their home. 2.2 million renters (34 per cent) would be immediately unable to pay their rent from their savings if they lost their job.

"This is a direct result of the failure to build enough genuinely affordable social homes, where rents are tired to local incomes." (Shelter)

Nearly 1/4 million households in England experiencing the worst forms of homelessness

A new [national homelessness study](#) by charity Crisis and Heriot-Watt University, featured on [ITV news](#), shows nearly a quarter of a million households (242,000) in England are experiencing the worst forms of homelessness, including sleeping on the streets, sofas or in unsuitable temporary accommodation like B&Bs and hotels – up 10 per cent in two years.

"You can't discount just how much stability and security of tenure has on a family's well-being and ability to make routes and investment in their lives. How do you do that if you don't have a secure foundation as a home? How do you invest in work, in your relationships, in your community?" (JRF)

The 2023 Homelessness Monitor finds 85 per cent of councils across England are facing an increase in people experiencing homelessness, the highest number in any year since the survey began in 2012. 88 per cent of councils report an increase in requests for support from those evicted from the private rented sector, while 93 per cent anticipate a further increase over the coming year.

242,000

households experiencing homelessness including rough sleeping, sofa-surfing and B&B stays

85%

of English councils report an increase in the number of homeless families needing support

97%

of councils are struggling to find rental properties for homeless families

"The alarm bells are ringing loud and clear. The government must address the chronic lack of social housing and increase housing benefit, so it covers the true cost of rents. We cannot allow this situation to escalate further and consign more lives to the misery of homelessness." (Crisis)

Social rent shortage is driving London councils to move more homeless people out of the city

Analysis by Inside Housing highlights that one worrying effect of this crisis is that London councils are housing growing numbers of their most vulnerable residents outside the capital, away from vital services and support networks. In 2021, [their analysis](#) revealed that councils across England had placed more than one in four homeless households in temporary accommodation outside of their own borough boundaries due to a lack of suitable local accommodation.

In July, government statistics showed the number of households in temporary accommodation in England had hit a 25-year high: nearly 105,000 households, including more than 131,000 children. The situation is particularly acute in London. On 31 March 2023, 16.5 out of every 1,000 households in London were living in temporary accommodation, compared with 2.2 per 1,000 in the rest of England. Between them, London councils are collectively spending £52m every month on temporary accommodation. (Inside Housing)

"Becoming homeless comes with its own challenges, but being placed far away from support networks, schools, GPs and community removes people from all the things that might help them feel safe and support them to rebuild their lives" (Justlife charity)

CIH supports Inside Housing's [Build Social campaign](#) which calls for all political parties to commit to funding a substantial programme of homes for social rent in their manifestos at the next general election. This includes:

- 90,000 social rented homes a year over the next decade in England
- 7,700 social rented homes a year in Scotland
- 4,000 social rented homes a year in Wales.

A social housing perspective

New report from council housing sector shows increase in rent arrears

A recent [report](#) by the National Federation of ALMOs and Association of Retained Council Housing, which draws on survey data from around 30 per cent of the council housing sector, shows that four in five council landlords are grappling with a significant increase in rent arrears as tenants struggle to cope with the cost of living.

Key findings:

- The cost of living crisis is hitting households in the social rented sector hard. Nearly all income managers report increased food bank use, increased demand for their support services and increased demand for hardship funds; 85 per cent report higher rent arrears and close to three quarters report increased pressure on local homelessness and housing advice services.

- Many social housing residents are struggling to maintain regular rent payments, despite lower housing costs. Survey data suggests just over a third of households in the council housing sector receive universal credit and housing benefit. For many, this will cover their rent payments but some groups – often those already at risk of extreme hardship such as lone parents and disabled people – face a shortfall due to deductions.
- Four in five landlords surveyed reported an increase in rental arrears. The average amount owed by households rose from £427 to £527 (up 23 per cent – or approximately an additional week's rent). Financial support, such as discretionary housing payments, is not sufficient to cover the shortfall.

- Nearly all survey respondents (89 per cent) report increased demand for their support services.

"It's really bad out there, bad as it was in the late seventies, early eighties. People just don't have any money. They can't buy food. They're really struggling." (Rent Management Officer)

[Orbit](#) has supported more than 50 per cent of customers across its independent living schemes to apply for Energy Bill Support Scheme Alternative Funding (EBSSAF) despite over 75 per cent of eligible people nationally missing out.

The EBSSAF was set up by the government for people living in places such as park homes, houseboats and care homes who did not have an energy supplier, so that they could manually apply for the £400 relief that all householders had taken off their energy bills automatically last year.

Recently, government figures revealed that more than 700,000 households in Great Britain have missed out on £300m worth of support via the scheme, after only about 200,000 out of the 900,000

households eligible to apply did so before the 31 May deadline. However, by contacting customers living in its independent living schemes to help them apply for the fund, Orbit was able to help its customers to access £132,400 savings off their bills.

Orbit identified and wrote to 683 independent living customers that were eligible for the fund to give them information about how to apply and to offer support to those who needed it in completing their application. Managers of the independent living schemes were given training to help people with their applications and volunteers were recruited to attend events at some sites.

Daniel Welch, energy and environment lead for Orbit commented: *"Of the 683*

customers that we identified, 372 took up our offer of help to complete their application and we're sure even more managed to successfully apply themselves with the information we shared with them. We felt it was really important that these older and more vulnerable customers didn't miss out on this much needed support during what are really challenging times for lots of people. By being proactive and reaching out to these customers we've been able to buck the national trend and ensure people most in need accessed the energy bill relief that they were entitled to."

Orbit is one of more than 30 housing associations who have called on the government to reopen the EBSSAF and extend the deadline until 31 December 2023.

New research from Orbit housing association reveals impact of cost of living crisis on customers

Affordable housing provider [Orbit](#) has conducted its first in-depth research into how the cost of living crisis is affecting its customers. Conducted in March and April 2023, the research sought the views of 800 representative renters and owners about how the crisis is impacting their everyday living, health and finances. The feedback is being used to help Orbit strengthen its existing package of support for customers to ensure it's focussed on the issues where customers are struggling most.

Some of the [key findings](#) of the research include:

- Three times more renters than owners 'worry all the time' about meeting everyday costs
- Nearly a third (31 per cent) of all responders are skipping meals to reduce costs, whilst nearly three quarters said that they had either turned the heating down (75 per cent) or off completely (72 per cent) during the winter months

- Orbit has twice as many households (29 per cent) using prepayment meters compared to the UK average (14 per cent) and of these, 32 per cent of customers said they had been unable to afford to top up their meters at least once over the last 12 months
- Cost of living is taking its toll health-wise with 27 per cent saying it's impacted their physical health and 50 per cent saying it has impacted their mental health
- 61 per cent of Orbit customers are deemed to be in 'relative poverty' in line with Office National Statistics' definitions which compares with 17 per cent of all individuals.

Orbit has introduced a number of new services as part of its [Better Days](#) programme to help customers manage their finances, maximise their income and reduce the pressure of cost of living increases.

This included an [Energy Advice Service](#) in partnership with National Energy Action (NEA), a [Welfare Advice Service](#) provided by Citizens Advice, a new cost of living support and education hub on Orbit's customer website and an increased capacity in its mental health support service, Breathing Space, which is commissioned with Mind and Aspire4u.

In addition to the extra benefit services, Orbit's tenancy sustainment team have provided over 2,800 customer coaching sessions, supporting more than 1,000 customers into training and over 300 into employment or volunteering – working with people most in need to help manage their wellbeing, maximise their income and ultimately to maintain their tenancies.

Housing associations call on government to extend Energy Bill Support for social housing households on low incomes and heat networks

More than 30 of Britain's largest housing associations have [written](#) to the government, calling on them to reopen a scheme that aimed to offer support payments of £400 to around 750,000 households without an energy supplier.

Most homes in Britain received the support payment automatically via a discount on their energy bills, but people living in places such as care homes, narrowboats and park

homes did not because they do not pay bills directly to an energy supplier.

The housing associations, which provide homes to a total of 1.5 million people, warned that only 16 per cent of eligible households made their claim before the 31 May deadline and that the deadline should be extended to 31 December.

"Data is invaluable when it comes to shaping our services and wider support we offer our customers. It enables us to ensure we are targeting our investment in a way that will have the maximum social impact for our customers, help them to sustain their tenancies and maintain their personal wellbeing." (Orbit)

Spotlight on younger people

The cost of living crisis impacts people in different ways, and young people are one of the groups disproportionately affected.

[The Joseph Rowntree Foundation's cost of living tracker 2022/2023](#) shows that 92 per cent of households with a young person reported going without essentials, while 80 per cent reported being in arrears. In December 2022, [TSB's Money Confidence Barometer survey](#), found that young people are seven times more likely to have taken out new or additional debt in the past year, or expect to in the next, than their grandparents.

At the start of 2022, [RSA research](#) showed extremely high levels of insecurity among young people in the UK, with 47 per cent in an unstable financial position. Not all young people are equally affected, however. RSA's research shows that 57 per cent of those aged 22-24 are financially precarious, compared to 38 per cent of 16-18-year-olds. Young renters and young people in full-time work are particularly vulnerable at 58 per cent and 63 per cent respectively.

The cost of housing is a considerable source of insecurity for young people and has risen over the past year. 16-24-year-olds spend, on average, [47 per cent of their gross income each month on rent](#), significantly more than the national average of 33 per cent. Renters, the majority of whom are young people, faced on average a [12 per cent increase in the cost of housing](#), and this is expected to increase further.

Rising costs have a real impact on young people's lives. [The Prince's Trust's NatWest Youth Index 2023](#) shows that they disproportionately face challenges to their mental health as a result of the cost of living crisis.

Polling of young people (16-25 year olds) and parents from [UK Youth](#) has raised concerns over the impact of the cost of living crisis on young people's mental health, employment opportunities and food security. Four in ten young people say the cost of living crisis is impacting their ability to heat their homes. A third say they are more lonely as they reduce their social life to save money. And one in five say their access to regular meals has been negatively impacted.

Rising poverty

Children's and young people's charity [Buttle UK](#) has published its [State of Child Poverty 2023](#) report which reveals a significant increase in children and young people living in extreme poverty in the UK.

Key Findings:

- Frontline workers reported that 60 per cent live in destitution – a 15 per cent rise on last year. Of the families that respondents spoke for, they reported an inability to access the following basics for the following proportions:
 - 57 per cent cannot afford enough food and nutrition.
 - 58 per cent cannot afford gas and electricity.
 - 63 per cent go without basic furniture such as beds, sofas and appliances.
 - 49 per cent are not able to afford their rent or equivalent.
 - 65 per cent go without IT equipment for education or employment.
- Going without basics has worsened the already significant national mental health crisis that many children and young people are enduring. The high level of mental illness is linked to poor educational outcomes and increasing numbers of children being unable to attend or access education. When describing the problem, frontline workers reported that:
 - Mental illness is not being treated sufficiently or early enough to prevent long-term impacts. Families feel abandoned, and problems are escalating.
 - Home lives are incredibly stressful for parents and children alike in light of the cost-of-living crisis. This is leading to toxic coping mechanisms including substance abuse, neglect and self-harm, and is contributing to family breakdowns, including increased emotional and physical abuse.
 - Children are very isolated by their circumstances, particularly compared to their peers; they struggle with building relationships and accessing opportunities outside their homes.

- Many are suffering with poor self-esteem and lack confidence, at a level that stops them from attending school or college.
- Buttle UK is urging the government to act:
- Lift the two-child universal credit limit
- Introduce an Essentials Guarantee
- Appoint a dedicated Cabinet Minister for Children and Young People.

"The largest declines in service availability over the last year were evident in both mental health services and support finding accommodation. The latter is contributing to a growing fear for frontline workers, namely that rent arrears and inability to afford accommodation is going to lead to a further housing/homelessness crisis."
(Buttle UK)



Young, homeless and hungry: The impact of food insecurity on vulnerable young people

[Research](#) last year by homeless charity Centrepont shows that some of the most vulnerable and disadvantaged young people are disproportionately impacted by food insecurity. A national poll of a representative sample of 2,000 young people found high levels of food insecurity for the general youth population across the country - suggesting that thousands of young people may be struggling to access the food they need, regardless of whether they have family support. Nearly half (49 per cent) say they have gone to bed hungry in the last twelve months and more than a third (35 per cent) say they have gone a whole day without food because they don't have enough money.

Food insecurity and homeless young people

- Young people (aged 16-25) living independently are some of the most financially vulnerable groups in society; one in four (26 per cent) vulnerable young people have £20 or less of monthly income left after rent and bills, leaving them to live off £5 or less a week.
- A third (30 per cent) of vulnerable young people often go without food for a whole day due to lack of money.
- Lack of a healthy and balanced diet has led to a variety of health problems, such as loss of weight, poor eating habits, mismanagement of existing health issues and poor mental health.
- Local welfare assistance is not reaching vulnerable young people, largely because around half are unaware of the financial support available to them. Young people are more likely to rely on their support network when struggling to afford food.

Drivers of food insecurity for young people experiencing homelessness

- Low income, whether through employment or the benefits system, is at the root cause of food insecurity in young people - young people under the age of 25 receive around a quarter less than someone over the age of 25 when claiming universal credit.
- The benefits system, including the way it is paid and managed, plays a significant role in the difficulties young people are facing in terms of managing their finances, including the low rate of benefit, the five week wait, sanctions and deductions, administrative errors and the rules for working whilst living in supported accommodation.
- Many young people are in incredibly high amounts of debt, particularly with universal credit, council tax and individual people from their support network.
- High energy costs mean vulnerable young people are unable to use their cooker or turn on their fridge, meaning that they have to rely on takeaways which are usually more expensive and/or lack the nutrition needed for a healthy diet.
- Homeless young people are often placed in insecure and temporary accommodation with inadequate cooking facilities.
- Shared living spaces in homelessness accommodation create additional barriers, including items being stolen and lack of cleanliness.

Recommendations

For government

- Uprate benefits to reflect the real cost of living to ensure vulnerable households do not face a real-terms cut to their incomes.
- Introduce a new Youth Independence Payment for young people living independently without family support, raising their overall universal credit entitlement to the rate that over 25s receive in recognition that they face the same living costs.
- Reform the social security system to ensure claimants can afford the essentials and are not pushed into poverty - this includes removing the five week wait for first benefit payment, proactively offering the choice of more regular payments and reforming the sanction process so it is proportionate and does not push claimants further into food insecurity.
- Restore local housing allowance rates to the 30th percentile as a minimum, to reflect the real cost of renting and prevent young people from falling into rent arrears.
- Increase the applicable amount within housing benefit, so residents in supported and temporary accommodation do not face steep cliff edges when moving into work and are not disadvantaged compared to those not living in supported accommodation.
- Provide more targeted support to young people living independently to protect them from fuel poverty, e.g., by extending winter fuel payments and working with energy providers to target support for young people.

- Reform government debt collection practices so they are clear, flexible and sensitive to people's experiences - learning from best practice in the private sector. This should include reducing the maximum cap on universal credit debt deductions from 25 per cent to 15 per cent and a maximum cap for state debt deductions at 5 per cent.
- Local authorities in England should work together to share best practice and offer a more uniform cash-first approach for local welfare assistance so young people in every area can get the help they need. Signposting should be improved so vulnerable households know what support they can access.
- Immediately exempt care leavers under the age of 21 from council tax payments to ensure uniformity across local authorities and seriously consider extending this to all young people.
- Ensure all supported accommodation residents have access to adequate kitchen facilities by using the ongoing plans to regulate supported accommodation and set minimum standards.
- Improve access to emergency food support for young people whilst working to remove the systemic need for food banks.
- Build on the recent UK Food Strategy and the Food Insecurity index to develop an action plan on lowering food insecurity among young people, including exploring the introduction of a legal right to food.

For supported accommodation providers

- Provide targeted support around food insecurity by ensuring there is awareness and knowledge amongst professionals that work directly with young people.

30%

30% of vulnerable young people often go without food for a whole day because they don't have enough money.

£5

26% of vulnerable young people have £20 or less left each month after rent and bills, leaving them to live off £5 or less a week.

50%

Local welfare assistance is not reaching vulnerable young people, because around half are unaware of the financial support that is available to them.

Source: Centrepont - [Young, Homeless and Hungry](#)

What does the cost of living crisis mean for young people living on benefits?

Young people are entitled to less financial assistance in welfare support and do not qualify for the same level of minimum wage. It is often assumed that those under 25 live at home or can rely on family support but this is not the case for some of society's most vulnerable young people. A report by YMCA, [Inside the cost of living crisis](#), looked at what this means:

- **Benefits squeeze** - Welfare benefits were low for young people in the first place as single claimants aged under 25 receive around 20 per cent less in income than those aged 25+. Uprating benefits in practice reflects a real term cut when taking into consideration the inflation rate. The housing element of universal credit payment is determined by Local Housing Allowance (LHA) rates, which have been frozen since 2020 despite increases in rent prices nationwide.
- **Renting** - Young people are more likely to rent. They are at a higher risk of being priced out of the market or experience higher rent rises: the national average asking rate of new rental contracts has increased 33 per cent since pre pandemic 2019 ([Rightmove](#)). The freeze in the LHA rate for those receiving the housing element of universal credit payments compounds the strain of these costs.

- **Pay and employment opportunities** - The National Living Wage (£10.42) is only owed to those aged 23 and over, with younger workers entitled to lower minimum wages: £10.18 for 21-and 22-year-olds, £7.49 for 18- to 20-year-olds and just £5.28 for apprentices. With costs to businesses rising and people spending less on recreation and shopping, the roles young people may have worked in retail or hospitality are at risk.
- **Trapped in the system** - Vulnerable young people in supported housing already found it hard to move onto independent living when they felt ready due to the financial barriers. This will become worse as the amount they can save towards a rental deposit decreases while rent, bills and food prices increase.

YMCA's research report, [Breaking barriers to work](#), highlights that the benefits system is preventing some young people from gaining employment and sets out a number of recommendations for Government.

The National Leaving Care Benchmarking Forum's cost of living report [Survival Is Not Easy](#), based on research undertaken in November, paints a stark picture of the crisis that care experienced young people are facing. The report shows the crisis is impacting mental health, housing security, and the ability to purchase food and essentials. Young care leavers are facing increasing levels of debt and are at increased risk of exploitation.

Impact on young people transitioning out of homelessness

New [research](#), *Living or Surviving*, highlights the growing impact of low incomes and the social security system on young peoples' living standards and their opportunities to transition out of homelessness.

The research, funded by the West Midlands Combined Authority Homelessness Taskforce and facilitated by St Basils, was carried out by the Centre for Research in Social Policy. It comprised 21 in-depth interviews with young people aged 17 - 25 across the West Midlands living in or recently moved on from supported housing after experiencing or been at risk of homelessness. It revealed how young peoples' employment circumstances interact with their financial and housing situation and shape their ability to make ends meet and plan for their future.

It made a number of recommendations:

- **Increase universal credit allowance** for people under 25. The costs associated with living outside the family home are not differentiated by age, and £70 a month increase would ease the strain for young people managing their own homes.
- **Reinstate the Work Allowance** (abolished for single adults in 2016). This would increase the amount people can earn before their universal credit is reduced and help mitigate against the rate at which housing benefit is reduced for those working while living in supported housing.

- **Simplify the rent / benefit system** in supported housing for working tenants. Capping the rent at LHA or social rent levels for a period of time when people move into work (with the difference between this and the regulated rent paid directly to the landlord from housing benefit) would reduce complexity and risk for tenants, increase incentives to work, enable move-on options, and help reduce debt for tenants and landlords, with less cost to the public purse.
- **Increase supply and access to suitable social housing** and commissioned semi supported accommodation. Such housing with affordable rents and secure tenures would provide young people at risk of homelessness with better opportunities to make work financially viable and come off benefits.
- **Provide help with up-front costs** in private rented accommodation. Realign LHA rates with actual private sector rents and commit to uprating them annually.
- **Subsidise transport** to ease the financial pressure on young people and increase their opportunities.

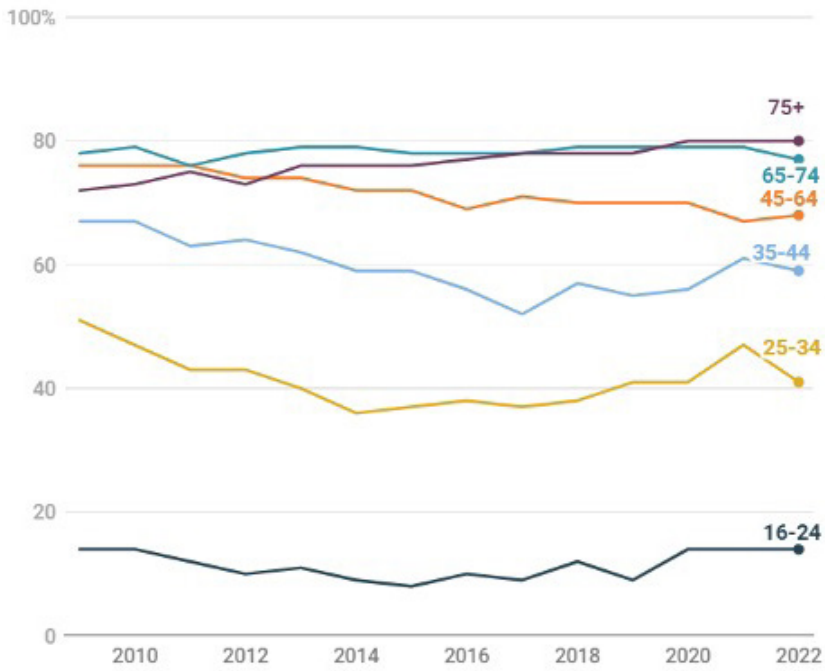


Low home ownership prospects

The average age of someone in the UK buying their first home is 33 years old. This means there is a large group of younger people still living at home or paying rent. Many are unable to save a deposit whilst renting so remain locked in.

Home ownership

Percentage of people who own the property they live in by age group



Date is year ending
Chart: The Times and The Sunday Times • Source: English Housing Survey

Improving young people's access to affordable housing

A recent research report by Centrepont, [Somewhere to call home](#), shows that when homeless young people are ready to move on and live independently, they are being held back by the housing crisis. The research explores the housing aspirations of young people with experiences of homelessness and examines how they can be supported to access social housing in England. In doing this, the research investigates the role of contemporary registered housing providers, the importance of preparing young people to live independently and approaches to unblocking housing pathways.

Findings

- The young people participating understood that social housing was the most affordable option on the market. And they valued the security and safety that social housing can provide.
- The young people understood that a stable home could provide them with opportunities to think in the long term and set future goals.
- Participants from local authorities and housing associations highlighted that issues such as high demand for services, the age of housing stock and diminished funding had reduced their capacity to support young people.
- Young people with experiences of homelessness often need support to prepare them to move into independent accommodation. Participants highlighted that this support should be empowering and aimed at building confidence and capacity.
- Young single people can experience a double disparity of reduced allocations and access to a limited pool of one bedroom and studio social housing.

Recommendations

The report calls on the government to build more safe and affordable housing to break the cycle of homelessness and provide young people with safety and stability by:

- Building more one bedroom and studio social housing.
- Asking local authorities to allocate more social housing to vulnerable young people.
- Providing more funding and support to organisations, such as Centrepont, St Basil's and YMCA England and Wales, who are developing innovative schemes aimed at housing homeless young people.
- Empowering vulnerable young people living in supported housing to access employment and gain work experiences.
- Providing under 25's living independently with the same universal credit rate received by over 25s.
- Creating clearer guidance for council's detailing their statutory obligations to vulnerable young people so that they do not use factors such as local connection and intentionality to remove support.

What is CIH calling for?

In order to address the immediate and longer-term pressures outlined we are calling on government to use the forthcoming Autumn Budget to provide the support people need:

1. Commit to ensuring benefit rates will be enough to afford the essentials, with the principle of a minimum universal credit to protect people from going without essentials enshrined in law (the [Essentials Guarantee](#))
2. Restore local housing allowance rates to at least the 30th per centile and return to annual uprating
3. Introduce a social tariff for the energy market - a discounted, targeted tariff aimed at those in greatest need
4. Fund a concerted programme to raise the energy efficiency of existing housing stock at pace and commit to bring forward additional funding for energy-efficiency measures in homes
5. Increase investment and grant levels to provide the number of homes at social rents we need each year
6. Invest in existing and new supported housing to meet a range of needs.

We're also backing Inside Housing's campaign to [Build Social](#).

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
- Joseph Rowntree Foundation - UK Poverty 2023 - the [essential guide to understanding poverty in the UK](#)
- [Office for National Statistics](#) (ONS) - latest insights 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](#) - national fuel poverty charity. Provides training 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.

Webinars

If you missed any of our previous cost of living events, you can catch up with them at [Cost of living crisis briefings - series](#). These are free to access for CIH members.

Our next member webinar is on 18 September: [Cost of Living: Building Resilience and Managing Difficult Situations](#)



Suites 5 and 6, first floor, Rowan House, Westwood
Way, Coventry, CV4 8HS

T: 024 7685 1700
E: customer.services@cih.org

www.cih.org



Contact the CIH Practice Team directly
at policyandpractice@cih.org
Follow on X [@CIH_Policy](https://twitter.com/CIH_Policy)