Policy and practice briefing

**The cost-of-living crisis; consequences and mitigation**

**Introduction**

This briefing is aimed at policy makers dedicated to maintaining and improving the health of the population in the face of the cost-of-living crisis. It includes a rapid review of evidence on what could be done to mitigate the adverse health effects of rising cost-of-living in the UK.

People living in the UK have been experiencing a reduction in their disposable income since late 2021 (1). Disposable income is the money left for household use after paying taxes and receipt of any benefits (with adjustment for inflation). The cost of living has also been rising because the UK economy is undergoing inflation. Inflation is the change in the price of goods and services used by UK households during a year. The UK experienced peaks of inflation during the years 2022 and 2023(2). This is the worst inflation experienced in 40 years. The inflation is mostly due to a rise in energy prices, food, and transport costs. The Ukranian-Russian war has also led to shortages and in increase in prices of their exports, food, and gas. Thus, people in the UK are faced with a cost-of-living crisis because they find it difficult to meet a higher cost of living with a reduced disposable income (3).

UK’s cost of living crisis is occurring in a background of widespread social and health inequalities (4) and could exacerbate these existing inequalities. Those from poorer households or with larger families are likely to be worst affected by the higher costs of living. The government has taken some measures to support the most vulnerable (5), but a large percentage of the population is still affected. The Office for National Statistics reports that 91% of respondents to the latest Opinions and Lifestyle said the most important issue facing the UK was the rising cost of living. Around 75% of adults in the UK were considering the need to cut down expenses by end of 2022 (6).

**Cost-of-living crisis is paving way to a public health emergency with likely increased numbers of deaths, illnesses, child development and social issues.**

* Royal College of Physicians says that every, one in two people in the UK has been negatively affected by the rising living costs (including people with above average incomes). Increasing living costs are reported to be for heating (84%), food (78%), and transport (46%) (7).
* Increased cost of living causes stress among people affecting mental and physical health.
* Increased cost of living makes food unaffordable leading to poor nutrition.
* Use of food banks has increased markedly (81%) since COVID-19 pandemic (8).
* Estimated 75% of the bottom 20% of low-income households in the UK (4.3 million) have gone without essentials during the winter of 2022/2023 (9).
* COVID-19 deaths were almost twice among the most deprived communities compared to the least deprived, indicating the extra burden of mortality and morbidity among those with poor living standards (10).

**How can we mitigate the consequences of rising cost-of-living**

As a result of the rising cost of living people could face problems with heating their homes in cold climates, difficulties in buying nutritious food in adequate amounts, accumulate debt, loose their homes or jobs and children are not provided with optimum resources for growth and development. A cross-government approach to tackling the underlying causes of these problems as well as government investing in areas that support health, including housing, education, and transport is urgently needed while targeting the most vulnerable.

**Fuel poverty**

The cost to the NHS of treating those affected by poor housing is £1.4bn per year (11). Evidence suggests that investing in home insulation could reduce adverse health outcomes due to cold damp homes (12,13). Home energy efficiency improvements have also been shown to improve the quality of life of inhabitants significantly (14). Winter fuel payments could have contributed to a significant reduction in excessive winter mortality over the years in the UK (15).

The National Institute for Health and Care Excellence (NICE) guidance recommends that the heating needs of patients should be assessed, with referrals to local health and housing services if necessary (16). Such a referral system functioning at primary care level could benefit patients suffering from fuel poverty to get support insulating homes, paying bills and energy efficiency advice (17). Many homeowners are keen to make improvements to their homes but are unaware of where to turn for support and advice (18).

Investment in renewable sources of energy would provide a long-term solution to the fuel poverty problem. Creating awareness of energy saving tips combined with an award system could help reduce energy wastage (20,21).

***Evidence in practice***

*Aberdeen, Scotland Warm Home Prescriptions: A new service to improve the homes of people who can’t afford the energy they need to stay healthy. This service helped over 800 households with credit payments to energy accounts during winter 2022/23.*

*Web link:* [*https://es.catapult.org.uk/project/warm-home-prescription/*](https://es.catapult.org.uk/project/warm-home-prescription/)

*In Scotland pensioners receive a winter fuel payment. Web link:* [*https://www.mygov.scot/cost-of-living-payments/pensioner-winter-fuel-payment-300*](https://www.mygov.scot/cost-of-living-payments/pensioner-winter-fuel-payment-300)

**Food insecurity**

Household food insecurity is a serious concern for health and wellbeing. Risk of food insecurity in undocumented migrant households has been reported be very high in the UK (22). Food insecurity is reportedly higher among the elderly in the UK and routine screening for under-nutrition risk should be considered a priority (23) austerity policies have led to increased food insecurity and foodbank use (24).

Alleviating food insecurity could be done at multiple levels, increasing agricultural production, providing employment and fair income distribution, by increasing human capital and through food-based distribution programs (25). The first three levels of interventions are beneficial in the long run by ensuring lower food prices and higher food availability. Climate change disruptions to food supply can be avoided by increasing the adaptive capacity of farmers to climate change and by increasing their resilience and resource use efficiency (26).

In the short run social-security benefits have been shown to reduce food insecurity at a larger scale (27). Child tax benefits have reduced food insecurity among families with eligible children (28). School food-aid programs can reduce food insecurity and hunger among school-going children from lower socio-economic backgrounds (29). Hence Expanding the provision of free school meals, will help prevent malnutrition in future generations. However, evidence of cost-effectiveness and sustainability of these interventions is lacking.

Many people experiencing food insecurity do not receive enough help from food banks while, some of those who experience food insecurity do not use food banks. Reliance on food banks could prevent implementation of other effective policy interventions for food insecurity (30).

Food insecurity is associated with obesity and cardiometabolic conditions in adults (31). It also affects stress and dietary habits among children (32). Food advertising and marketing laws can regulate junk food advertising on television. This might could bad food choices people might make when they have little money at hand.

***Evidence in practice***

*Free school meals Scotland: Children are eligible for free lunch at school if parents are recipients of any benefit scheme. All children in early learning and childcare can get a free meal.*

*Web link:* [*https://www.mygov.scot/school-meals*](https://www.mygov.scot/school-meals)

**Child poverty**

Children are living in poverty if they live in households with less than 60% of median household income. A quarter of Scottish children still live in relative poverty. The Child Poverty (Scotland) Act 2017 sets out targets to reduce the proportion of children in poverty by 2030. Lone parent families, minority ethnic families, families with a disabled person, families with a mother aged 25 or under, families with a baby, and families with three or more children are considered at highest risk. In 2022 it was reported that 2.6 million children were having smaller meals and were regularly skipping meals. Pediatricians are increasingly witnessing the effects of poverty on children's health during clinical encounters (33).

Child poverty levels increase as more and more parents are reduced to poverty due to the rising cost of living. Child poverty is a barrier to accessing and benefiting from education. Early childhood prevention programs for vulnerable children, integrated with schools have been found to be effective for promoting educational success and economic well-being (34). According to the two-child limit on benefit payments introduced in 2017, families would no longer receive a benefit increase for third and subsequent children. It is estimated to impact 750,000 households, who will each lose around £3,600 a year (35).

***Evidence in practice***

*Local councils in Scotland provide financial support for school clothing and starting school. Scottish child payment, child benefit and Child Tax Credit help with the cost of bringing up a child.*

*Web links:* [*https://www.mygov.scot/clothing-grants*](https://www.mygov.scot/clothing-grants)*,* [*https://www.mygov.scot/get-help-money-child*](https://www.mygov.scot/get-help-money-child)

**Living in debt**

Over-indebtedness is a barrier to health and wellbeing. Lower incomes as well as overspending can lead to over-indebtedness. Violence, behavioral problems, drug addiction and gambling are correlated with financial hardships. Uplifting government social security benefits to most vulnerable groups will help those going through financial hardships. People should be encouraged to claim the unclaimed benefits through creating wider awareness on eligibility and support available. ‘Person-centred’ debt advice could help in alleviating over-indebtedness and its effects (36). The cap and limitations imposed on the Universal Credit system should be reformed considering the impact this has on those with long-term debilitating conditions. The waiting period to receive benefits from the Universal Credit system should be reduced since it has been leading to increased hardships among those awaiting benefits (37). Higher interest rates at banks have led to higher borrowing costs and higher mortgage interest rates for households. Regulations on house rent and transport prices would be helpful to keep many people from debt.

***Evidence in practice***

*In Scotland several organizations supported by the Scottish Government help with information about debt and money: Citizens Advice Scotland, National Debt Line, Money Advice Scotland*

*Web link:* [*https://www.mygov.scot/support-money-*](https://www.mygov.scot/support-money-)

debt#:~:text=Citizens%20Advice%20Scotland%20%E2%80%93%20in%20person%20advice%20at,and%20telephone%20advice%20about%20debt%20%280800%20138%201111%29

**Unemployment**

The United Kingdom’s unemployment rate has risen to 3.8 per cent in early 2023 (38). Flexibility in terms of skills and career development is important for being in continuous employment amidst social, economic, and political changes. Education and further training can help with shortages in the skilled workforce. Local short term upskilling programs can help both businesses and residents adapt to the changing work landscapes. Welfare programs focusing on those who are not in the working age group or suffering from long term disability is a necessary measure during a cost-of-living crisis.

***Evidence in practice***

*Fair Start Scotland national employment service provides advice and support to those who are unemployed.*

*Web link:* [*https://www.employabilityinscotland.com/policy/fair-start-scotland/*](https://www.employabilityinscotland.com/policy/fair-start-scotland/)

*'Activity Agreements' help young people prepare for employment, training, education and/or volunteering. Web link:* [*https://www.mygov.scot/activity-agreements*](https://www.mygov.scot/activity-agreements)

**Homelessness**

In 2018, the Scottish Government launched the 'Ending Homelessness Together Action Plan. However**,** policy delivery, monitoring of implementation and evaluation of outcomes need to be further strengthened (39). The standards of social housing should be upgraded, and the rights of the private sector tenants should be increased to prevent harm to those who are struggling to have a roof over their heads. It is important that support is available to people before they become homeless (40). Vocational training practices for the homeless would train them to support themselves economically and reintegrate into society. Eco village settlements have been shown to be an applicable permanent housing solution to homelessness (41).

Homelessness among youth at-risk such as those in foster care, can be done through screening for risky behaviors, providing individual counseling and supportive services (42,43). Involving schools and community organizations could help reduce the number of youths entering homelessness (44). Those who are homeless with severe mental illnesses should be given priority in being rehoused (45).

***Evidence in practice***

*In Scotland the local councils provide emergency housing for the homeless. Web link:* [*https://www.mygov.scot/homelessness*](https://www.mygov.scot/homelessness)

*Citizens Advice Bureau and Shelter Scotland provides free housing advice. Web link:* [*https://scotland.shelter.org.uk/housing\_advice/homelessness*](https://scotland.shelter.org.uk/housing_advice/homelessness)*,* [*https://www.cas.org.uk/bureaux*](https://www.cas.org.uk/bureaux)

*The Geelong Project is an innovative youth homelessness project, created through partnerships. Web link:* [*https://www.thegeelongproject.com.au/whos-involved/*](https://www.thegeelongproject.com.au/whos-involved/)

**Strengthening the capacity of healthcare team**

Healthcare professionals are at the forefront of dealing with the health effects of the cost-of-living crisis. They could influence, advise, and advocate for the welfare of those experiencing ill health worsened by economic hardships. Creating awareness among the health staff and designing interventions that could be carried out locally among needy patients and communities will be an additional strength to the national efforts of alleviating effects of the cost-of-living crisis.

**Working in partnership**

Community groups and organizations play an important role in supporting people in crisis. They are aware of the needs of the community and can adapt quickly. Supporting and involving local community groups to help needy communities has been shown beneficial in crisis situations. Evidence suggests that community support groups are continuing to help people struggling to meet everyday costs during the cost-of-living crisis (46).

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