

# Cost of Living Crisis



## BACKGROUND

The cost of living crisis is pushing increasing numbers of people into poverty. Almost 2 million people used a foodbank in 2022, and almost 3 million emergency food parcels were provided to people and families in the last year<sup>1</sup>. Meanwhile, six in ten low-income households are not able to afford an unexpected expense and over seven in ten families are going without the essentials.

The increased cost of living is due to high inflation rates and external factors. In October 2022, the inflation rate reached 11.1% - a 40-year high. This has had a lasting and significant impact on the cost of goods and services. Several other factors caused the increases including the impact of Covid-19, soaring energy and fuel prices, caused in part by the conflict in Ukraine, and rising housing costs.

Although the inflation rate has started to come down, and at the beginning of 2023 it has reduced to 4%, prices of goods and rents continue to rise, pushing more and more people into poverty. The latest official poverty data shows that 13.4 million people were living in poverty in 2020/21. This is about one in five of our population (20%) living in poverty. Of these: 7.9 million were working-age adults; 3.9 million were children and 1.7 million were pensioners<sup>2</sup>.

Since 2022 at the SVP, we have seen a 49% increase in requests for help to our national office. This signals a worrying increase in people unable to meet their essential needs. We know the cost of living crisis disproportionately affects vulnerable people and communities including low-income families, older people and people with disabilities, and we believe urgent action must be taken to address this.

## WHAT CAN WE DO?

We need better support for the growing numbers of people living in poverty in the UK, including a stronger welfare system that supports people in need, whether they are in work or not. The SVP is supporting the campaign for an Essentials Guarantee, calling on the Government to increase the basic rate of Universal Credit so that people and families can at least cover life's essentials, such as food and bills.

## CASE STUDY

*“The amount of Universal Credit is not enough to live on for families, so we help with supermarket vouchers during school holidays and the occasional food donation, and we also help with the cost of electricity for the families who are on pre-payment meters. The benefits just about cover day-to-day living for most families, but when a child needs new shoes, a winter coat or a school uniform then this becomes a crisis. That’s when we step in.” – SVP Conference member.*

Over the course of 2022-23, members made 203 applications to the SVP Cost of Living Support Fund on behalf of those they were visiting, and over £91,000 was given out in grants through this fund. In our latest member survey, we asked our members to tell us if the people they supported had struggled to pay for essential items in the last 12 months. 90% of respondents said people they helped could not afford essential items, and 79% said the person or people they helped could not afford to buy food.

## QUESTIONS FOR YOUR CANDIDATES

1. With almost 2 million people using foodbanks in the UK – the highest number on record - what are your plans to tackle the cost of living crisis in our area and nationally?
2. If elected, would you and your Party commit to improving our social security system by raising the basic rate of Universal Credit so that people can meet their essential needs?

## MORE INFORMATION

- Household energy bills went up by 54% in April 2022. Despite recent falls in prices, bills remain around 51% higher than they were in winter 2021/2022<sup>3</sup>.
- UK food and non-alcoholic drink prices were 8% higher in 2023 compared with the previous year<sup>4</sup>.
- In 2021/22, 2.1 million people (or 3% of the population) in the UK lived in a household that had used a foodbank in the last year. This includes 6% of children and 3% of working-age adults<sup>5</sup>.
- ONS data shows that households with the lowest incomes experience a higher than average inflation rate. This is because low-income households are more affected by high food and energy prices<sup>6</sup>.

1 <https://commonslibrary.parliament.uk/research-briefings/cbp-9209/#:~:text=In%202021%2F22%2C%202.1%20million,three%2Dday%20emergency%20food%20parcels>

2 <https://www.jrf.org.uk/work/uk-poverty-2023-the-essential-guide-to-understanding-poverty-in-the-uk>

3 <https://commonslibrary.parliament.uk/research-briefings/cbp-9491/#:~:text=Typical%20household%20energy%20bills%20increased,their%20winter%202021%2F22%20levels>

4 <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>

5 <https://commonslibrary.parliament.uk/research-briefings/cbp-9209/#:~:text=The%20DWP%20published%20statistics%20on,and%20around%200%25%20of%20pensioners>

6 [https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/householdcostsindicesforukhouseholdgroups/january2022toseptember2023#:~:text=Increases%20in%20household%20costs%20peaked,decile\)%3B%20electricity%2C%20gas%20and](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/householdcostsindicesforukhouseholdgroups/january2022toseptember2023#:~:text=Increases%20in%20household%20costs%20peaked,decile)%3B%20electricity%2C%20gas%20and)