



Bwrdd Iechyd Prifysgol
Aneurin Bevan
University Health Board

Title: Cost of Living paper

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1. Introduction

1.0 At its meeting on 1st September 2022, the Gwent Strategic Well-being Action Group (GSWAG) discussed the current and ongoing cost of living crisis. The group recognised that public service organisations would already be planning within their own organisations, but also discussed the potential for the PSB to have a wider discussion and whether collective action across public partners could add value ahead of what may be a very difficult period for our communities, especially now that organisations are planning for the winter. One particular area is whether there is a role for Gwent PSB to help signpost and communicate to residents the availability of advice, support and information available through PSB member organisations.

2. Background

2.0 The Gwent Well-being Assessment 2022 highlights a range of challenges which could widen inequalities across Gwent, including the climate and nature emergencies, Covid-19 pandemic, and Britain's exit from the European Union (increasingly referred to as the 'triple challenge').¹

2.1 The UK, along with other countries in Europe, is currently facing a situation of extremely high energy and fuel prices, which are set by international markets.² The reason for these surging prices is two-fold: the world emerging from the COVID-19 pandemic (increasing demand); and, Russia slowly switching off gas supplies to Europe in response to the sanctions which it is facing because of its invasion of Ukraine.³

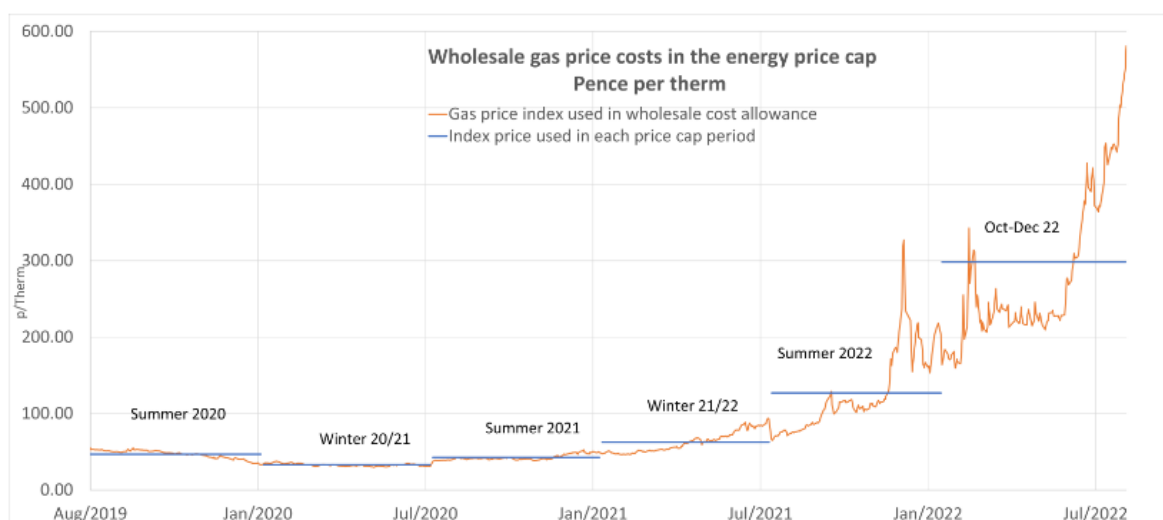
2.2 The energy regulator for Great Britain, Ofgem sets a price cap to limit the amount energy suppliers can charge customers for each unit of gas, oil and electricity, as well as a maximum daily standing charge. The cap is reviewed every

three months and is mainly based on the costs of wholesale energy and the costs of building and maintaining the distribution network.⁴

2.3 Since 1st April 2022 consumers have experienced a 54% increase in the energy price cap,⁵ and it was set to further increase on 1st October 2022 to £3,549 per year for dual fuel for an average household (see paragraph 3.8).³ Recent UK Government announcements have subsequently capped the **average household** to circa £2,500 for the next 2 years. Businesses have been offered similar arrangements capped for 6 months and subject to review. Either way the increase in energy bills even at the £2,500 cap is a significant impact on all households, but most keenly impacted on those households with lower incomes.

2.4 The graph below illustrates the sharp rise in 2022 of the wholesale gas price cost in the cap (pence per therm).

Wholesale gas price costs in the energy price cap Pence per therm



Source: <https://www.ofgem.gov.uk/information-consumers/energy-advice-households/check-if-energy-price-cap-affects-you>

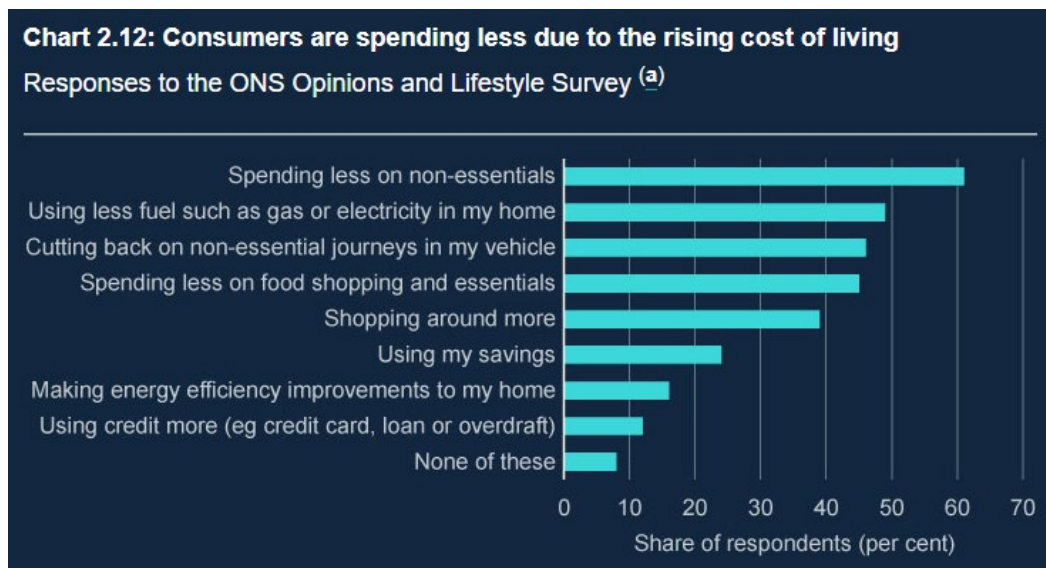
2.5 This paper is sponsored against the background of Gwent becoming a Marmot region, which will be implemented through the five-year Gwent Well-being Plan, and is mindful of Marmot Principle 4: Ensure a healthy standard of living for all. However, it is acknowledged that any actions in the Gwent Well-being Plan that might mitigate the cost of living crisis will not be in place by this winter, and that as a public service board, Gwent PSB has agreed to adopt the eight Marmot Principles as the framework for action to reduce health inequalities between our communities across Gwent.

3. Assessment

The impact on the population of Gwent

3.0 These sharp cost of living increases are being experienced directly by our citizens across Gwent through the cost of heating homes and fuelling vehicles, and by businesses in the cost of heating premises and fuelling fleet vehicles, as well as indirectly by both citizens and businesses when purchasing goods and services, including food, through the supply chain. As prices rise, people make difficult choices on what to cut back on, and where they need to rely on community support.

3.1 Households responding to a recent ONS survey reported that they are spending less due to the rising cost of living (see chart below).⁵ⁱ Just over 60% said they are spending less on non-essentials, while almost 50% said they are using less fuel at home and spending less on food. These are both public health concerns and, further, the impact of higher prices is likely to be felt more acutely by those on lower incomes because items such as food and energy make up a higher proportion of their spending.



Source: <https://www.bankofengland.co.uk/monetary-policy-report/2022/august-2022>

3.2 Citizens Advice has developed its first cost of living dashboard to give a near real-time insight into the problems people are facing when they contact the charity. The latest indicators highlight:

- People needing to rely on food banks;
- People needing advice on their energy bills (projected to reach 233,738 people by Dec 22), and replacing Council Tax arrears as the main debt issue;
- People not being able to afford to use any energy;
- People not being able to afford to top up their prepayment meter (projected to reach 21,604 people by Dec 22).

3.3 In all indicators people are struggling to cope and are approaching Citizens Advice in crisis in larger numbers than in any of the past three years. The graph below illustrates the concerning rise in crisis support in 2022.⁶

Cumulative number of people we've helped with crisis support each year



Figures for crisis support represent the number of people Citizens Advice helps with either referrals to food banks' or other charitable support (covers any emergency financial support or support in kind people need to make ends meet).

Source: <https://wearecitizensadvice.org.uk/our-new-cost-of-living-dashboard-the-crisis-were-seeing-unfold-aac74fb98713>

3.4 Certain groups within the population are struggling more with the cost of living. This is the main reason for disabled people to contact Citizens Advice, including because their energy costs tend to be higher. Further, some people are not eligible for public support due to visa conditions⁶ⁱ; some people are on prepayment meters; and, others are in a negative budget where outgoings exceed income.

3.5 Referrals to food banks have increased dramatically for all demographics, but in particular for single people, social housing tenants, and disabled people. This has also impacted those households in full time employment and on tax credits to support existing employment. It is also impacting on some of our own public service workforce.

New Marmot review on fuel poverty

3.6 Earlier this month, Professor Sir Michael Marmot published his review, '*Fuel Poverty, Cold Homes and Health Inequalities*'.⁷ This latest Marmot review predicts significant inequalities – health, social and educational – for a new generation of children if, as forecast, 55% of UK households (15 million people) fall into fuel poverty by January 2023 without effective interventions, and thousands of people will face shorter lives as a result.

3.7 Fuel poverty is driven by three main factors – household income, energy costs and home energy efficiency. People on low incomes, living with disabilities, and Black and Minority Ethnic groups are most at risk.

3.8 Professor Marmot emphasises, as with other inequalities, that fuel poverty cannot be reduced through one single action. He recommends a range of short and long term interventions under four main areas (and provides examples of local interventions in each area):

- Reducing deprivation and income inequality
- Improving housing quality and energy efficiency
- Addressing energy costs
- Addressing health needs and NHS interventions

National Political response (UK and Wales level)

3.9 On 8th September 2022 the UK Government announced the ‘Energy Price Guarantee’, which means that from 1st October 2022 a typical household will pay no more than £2,500 per year for each of the next two years, superseding the Ofgem energy price cap. Equivalent support will be available to consumers using heating oil. Businesses and organisations will be offered an equivalent guarantee for six months, followed by further support to ‘vulnerable sectors’, which will be defined through a review.⁸

3.10 Since earlier in 2022, the UK Government has been providing support through the ‘Energy Bills Support Scheme’ and ‘Warm Homes Discount’, alongside further support for households most in need.³

3.11 In March 2022, Welsh Government announced its support through the ‘Cost of Living Support Scheme’ and ‘Discretionary Cost of Living Support Scheme’.⁹ The ‘Winter Fuel Support Scheme’ will be available from 26th September 2022 for low-income households.¹⁰

3.12 The Welsh Government’s fuel poverty plan, published in March 2021 before the current situation, aims to ensure by 2035 that ‘no households are estimated to be living in severe or persistent fuel poverty as far as reasonably practicable’.¹¹

3.13 The Welsh Government has been delivering its ‘Warm Homes Programme’ to make homes more energy efficient since 2011.¹² Further information on the next iteration of the programme is expected from the Welsh Government following the Welsh Parliament’s summer recess.⁵

3.14 In terms of prevention from future international crises, the UK’s current exposure to volatile global gas prices highlights the importance of the need to generate more lower-priced, clean renewable energy [and nuclear power] in the UK, to reduce the reliance on expensive fossil fuels and accelerate the transition to net zero.² These are key visions in realising Wales’ well-being goals in the Well-being of Future Generations Act. Whilst accelerating the deployment of clean and renewable energy technologies, the UK is also quickening North Sea oil and gas production, and taking steps towards shale and nuclear energy production.⁸

National sources of support for consumers

3.15 National sources of help for consumers include: energy suppliers, Ofgem, National Debtline and Citizens Advice.³

Existing communications in Gwent of sources of support

3.16 The table in **annex one** shows some of the web-pages of PSB members to support citizens with the current cost of living. The sources of support highlighted address a range of health (mental and physical health), social and educational factors.

4. Recommendations

Gwent PSB is asked:

4.1 To consider the content of the report and discuss whether the PSB through GSWAG takes collective action to pool together the advice and assistance available across partner organisations and publish on partners' and the PSB's websites.

5. References

1. <https://www.gwentpsb.org/en/well-being-plan/well-being-assessment/>
2. <https://www.gov.uk/government/news/russia-ukraine-and-uk-energy-factsheet>
3. <https://www.ofgem.gov.uk/publications/ofgem-updates-price-cap-level-and-tightens-rules-suppliers>
4. <https://www.ofgem.gov.uk/>
5. <https://research.senedd.wales/research-articles/how-rising-fuel-costs-are-driving-fuel-poverty-in-welsh-homes/>
- 5i. <https://www.bankofengland.co.uk/monetary-policy-report/2022/august-2022>
6. <https://wearecitizensadvice.org.uk/our-new-cost-of-living-dashboard-the-crisis-were-seeing-unfold-aac74fb98713>
- 6i. <https://www.citizensadvice.org.uk/scotland/immigration/benefits-services-and-your-immigration-status/check-if-your-immigration-status-lets-you-get-benefits-and-help-with-housing/>
7. <https://www.instituteoftheequity.org/resources-reports/fuel-poverty-cold-homes-and-health-inequalities-in-the-uk>
8. [PM Liz Truss's opening speech on the energy policy debate - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/pm-liz-truss-s-opening-speech-on-the-energy-policy-debate)
9. gov.wales/cost-living-support-scheme-guide-local-authorities-html
10. <https://gov.wales/wales-winter-fuel-support-scheme-2022-2023>
11. <https://gov.wales/tackling-fuel-poverty-2021-2035-html>
12. <https://gov.wales/get-help-energy-efficiency-households>

Annex One - Web-pages of PSB members to support citizens with the current cost of living

PSB member	Web-page
Aneurin Bevan University Health Board	https://abuhb.nhs.wales/healthcare-services/staying-well-and-healthy/cost-of-living-support/
Blaenau Gwent County Borough Council	https://www.blaenau-gwent.gov.uk/en/resident/financial-advice-and-support/
Caerphilly County Borough Council	https://www.caerphilly.gov.uk/Services/cost-of-living-support
Monmouthshire County Council	https://www.monmouthshire.gov.uk/money-matters/
Newport City Council	https://www.newport.gov.uk/en/Support-and-Advice/Support-and-Advice.aspx
Torfaen County Borough Council	https://www.torfaen.gov.uk/en/CouncilTaxAndBenefits/Cost-of-Living-Support/Cost-of-Living-Support.aspx
Tai Calon Community Housing	https://www.taicalon.org/tenant-information/
Torfaen Voluntary Alliance	https://tvawales.org.uk/2022/09/05/winterfuelcosts/