



**citizens
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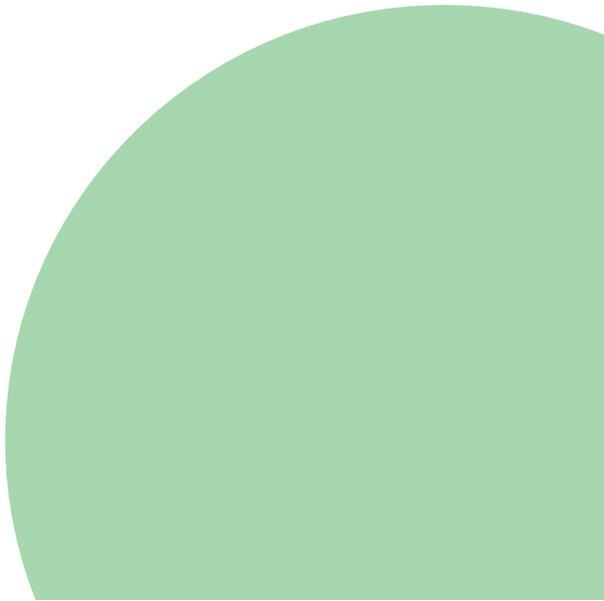
Knowsley

INITIAL FINDINGS

COST OF LIVING CRISIS

Citizens Advice Knowsley

July 2022



Introduction

In recent months the increased cost of living has become a national focus, with individuals and organisations from across a range of sectors highlighting its damaging and far-reaching impact on the poorest households. A significant area of concern has been the increase in energy costs, with an energy price cap rise in April from £1,277 to £1,971 for bill paying energy consumers, and an increase from £1,309 to £2,017 for those on prepayment meters. Ofgem have estimated that around 22 million households will be impacted by this. The price cap is due to rise again later in the year, with Ofgem expecting October's rise to increase to as much as £2,800. These energy price cap rises are against a background of other increasing financial pressures, with the cost of everyday essentials such as food and petrol also going up.

As an organisation, Citizens Advice Knowsley felt it was important to try and understand this impact at a local level. Knowsley as a borough contains some of the most deprived neighbourhoods in England, with 1 in 4 households living in income deprivation, and rates of fuel poverty above the national average, prior to the energy price cap rise. This research aims to understand the impact the cost-of-living crisis will have on households such as these. Households who are already in difficult financial situations, often already facing severe financial pressures and who are having to make sacrifices simply to get by.

Executive Summary

- 74% of clients felt financially worse off now, compared to 12 months ago
- 45% of clients were considering reducing or stopping some financial outgoings, and a further 25% had already reduced or stopped some
- Disabled clients, clients in social housing and economically inactive clients are at the forefront of the cost of living crisis in Knowsley, with these groups feeling the impact and making sacrifices in the highest numbers
- Clients are making difficult decisions around heating and eating, with some clients stating they will also stop paying bills to cope with the increased pressure
- The impact of the cost of the living crisis is being felt wider than financially, with clients reporting the effects on their physical and mental health

The Local Picture

Since 2004, the English Indices of Deprivation (IoD) has consistently found that Knowsley as a Local Authority district has one of the largest proportions of the most deprived neighbourhoods. In its latest report, the IoD2019, Knowsley was ranked as the second most deprived Local Authority in England. There are multiple, often overlapping factors that influence these levels of deprivation, such as:

- In 2019, 46.9% of Knowsley's neighbourhoods (LSOA's) were within the 10% most deprived in England
- 1 in 4 households in Knowsley live in income deprivation with:
 - 30% of children living in income deprived households
 - 29% of older people living in income deprived households
- In 2021, the average gross weekly pay for those in full time work in Knowsley was £572.00, whereas the national average was £613.10
- Between 2010 – 2020 the number of people in full time work in Knowsley fell by 26%
- In 2021, the percentage of the Knowsley population who were economically inactive was higher than the national average:
 - with a particularly high percentage of people who were classed as economically inactive and long-term sick; 38.9% compared to the national average of 24.6%
- The number of long-term JSA claimants in Knowsley is also higher than the national average
- In 2020/21, 37% of school age children in Knowsley were eligible for free school meals, compared to the England average of 19.7%
- Between 2010 – 2020 as a Local Authority Knowsley lost more than 50% of its funding, equating to £485 per person

The Research

Research carried out by Citizens Advice Knowsley involved staff and volunteers completing short surveys with clients as part of their advice appointments. The surveys were conducted over 6 weeks from April to May. Advice appointments during this period took place via phone or face-to-face with advisers based in Kirkby, Huyton, Stockbridge Village and Halewood.

The survey questions were centred around energy bills and personal finances. The focus was around how clients pay for their energy, how clients feel about their financial situations, and if clients were considering or had already reduced or stopped any outgoings. 118 clients were surveyed, and the following report discusses their responses and the findings.

The Clients

Gender

- 61% of clients were female
- 37% were male
- 2% preferred not to say

Health

- 70% of clients had a disability or long term health condition
- 24% didn't have any disabilities or long term health conditions
- 6% preferred not to say

Age Groups

Age Brackets	% of Clients
20 - 29 years old	12%
30 - 39	17%
40 - 49	17%
50 - 59	27%
60 - 69	20%
70 - 79	6%
80+	1%

Employment Status

Status	% of Clients
Economically Inactive* <small>Includes those too sick to work & carers</small>	45%
In Employment	16%
Retired	6%
Unemployed* <small>Unemployed & looking for work</small>	8%
Prefer not to say	25%

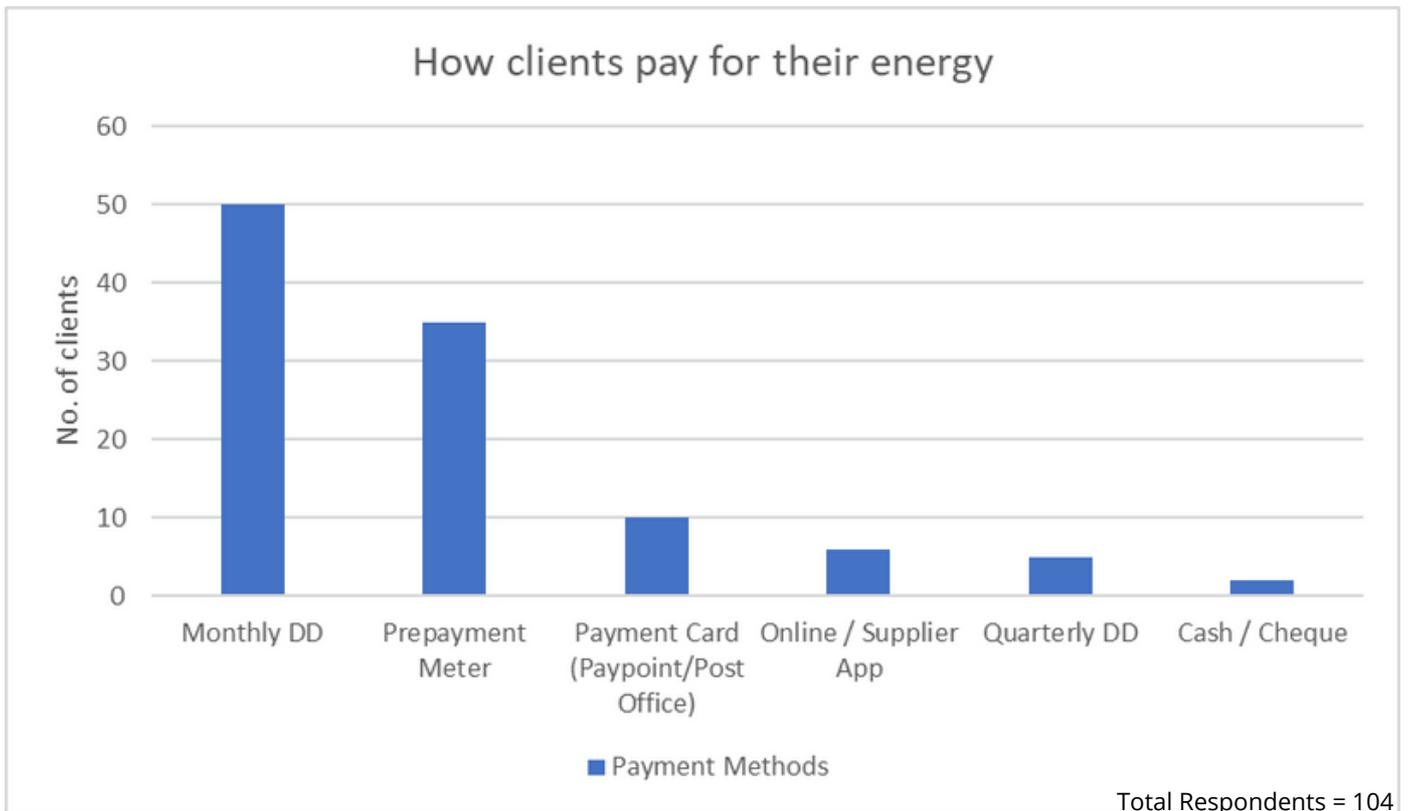
Deprivation

Level of Deprivation (England)	% of Client Postcodes
10% most deprived neighbourhoods	63%
20% most deprived	16%
30% most deprived	2%
40 - 70%	19%

Housing

Housing Type	% of Clients
Homeowner	16%
Hostel	1%
Housing association	36%
Private tenant	21%
Shared ownership	1%
Staying with family / friends	9%
Prefer not to say	16%

Energy Bills

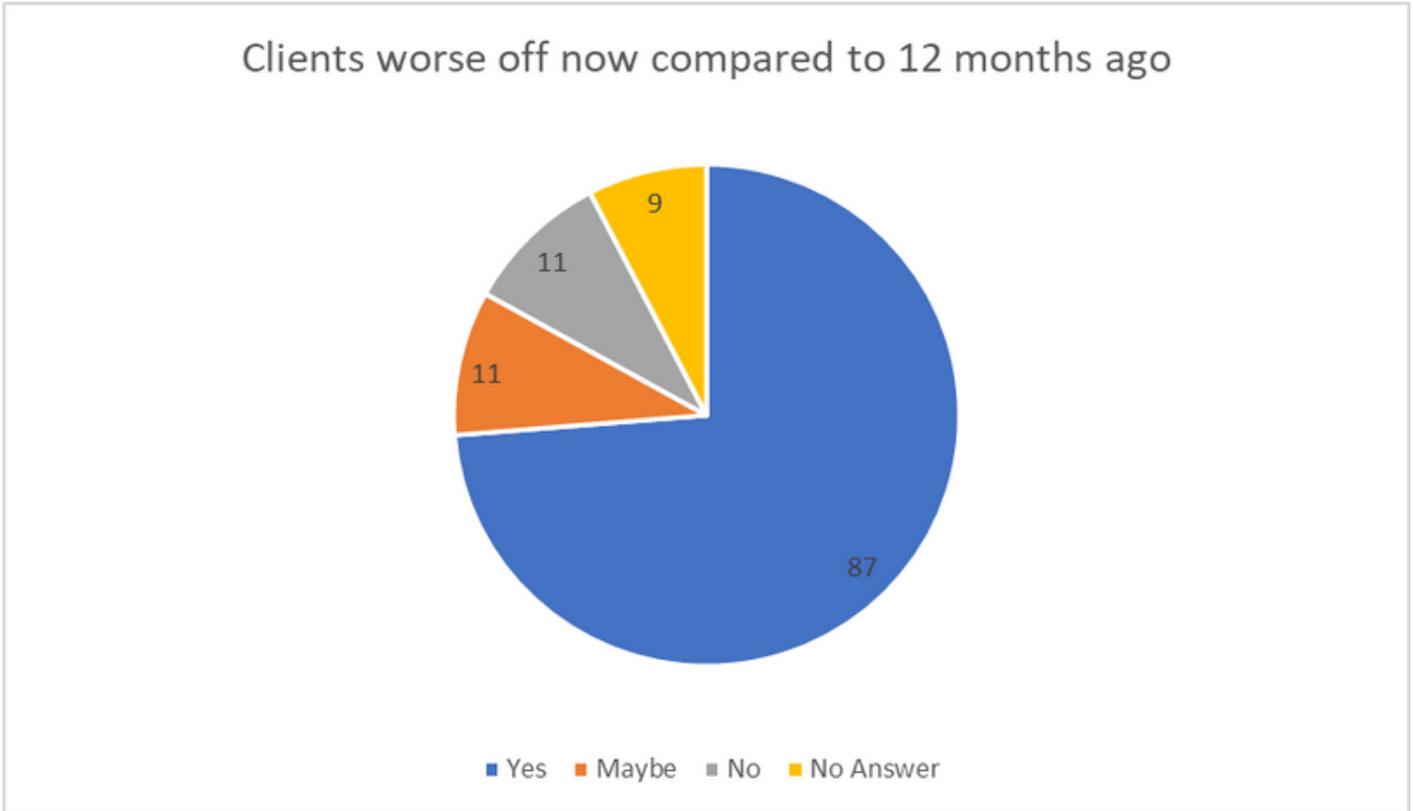


The most common payment method for energy was monthly direct debit, followed by prepayment meter.

Although the energy price cap will impact all energy consumers not on a fixed rate tariff, those on prepayment meters are expected to feel the increase more significantly, with the price cap for these households increasing by £708 with the April rise alone. Prepayment meters are well-documented as often being fitted in vulnerable households, who may already be experiencing fuel poverty. Research carried out in 2016 by Citizens Advice Knowsley, found that clients on a prepayment meter had a greater likelihood of being in fuel poverty than those who pay for their energy by other methods.

Personal Finances

Of the 118 clients asked if they felt financially worse off currently compared to 12 months ago, 74% agreed they did feel worse off, with a further 9% saying they maybe did.



Of those clients who felt financially worse off now compared to 12 months ago:

- 77% have a disability or long-term health condition
- 39% are living in social housing, and 23% are renting privately
- 52% are economically inactive

45% of clients surveyed said that there were financial outgoings that they were considering reducing or stopping. A further 25% stated they had already reduced or stopped some outgoings. The burden again here falls most heavily on disabled people and those in social housing, with:

- 72% of clients who said they were considering reducing financial outgoings & 67% of respondents who had already made reductions, also having a disability or long term health condition

- 32% of those who said they were considering reducing financial outgoings & 38% of those who were considering it, were living in social housing
- 42% who were considering making reductions, & 41% who have already were economically inactive

The following graph shows each area where clients stated they were considering, or had already, reduced or stopped financial outgoings. It is important to note that all clients listed multiple outgoings when asked.



**Clients noted non-essential expenditure as birthday or Christmas gifts and socialising.*

Similarly to national patterns, clients have stated the areas where they predominately will, or have already made sacrifices, are heating and eating.

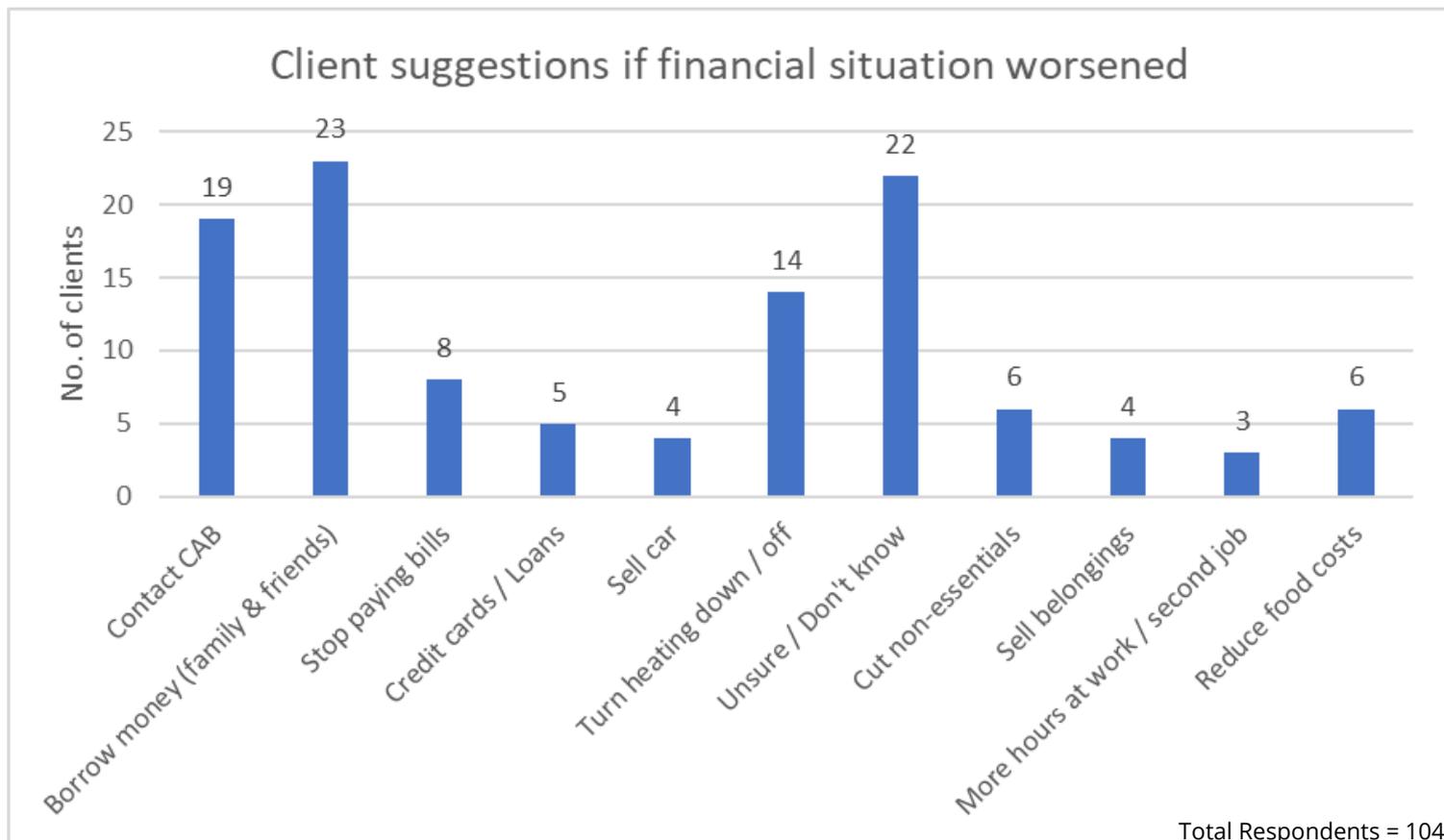
However, some clients made clear this is not an option for them, with one client stating they “cannot reduce their heating due to their partner's health condition” and others noting that their heating is “essential”. With some guidance advising energy consumers to turn their heating thermostat down or to use the heating less to save money, vulnerable energy consumers are being ignored.

These vulnerable consumers are a particularly important consideration in Knowsley, with 70% of the surveyed clients stating they had a disability or long term health condition.

Worryingly, a number of clients mentioned that they were thinking about, or had already stopped paying bills; an outcome that could cause significant issues in future. Clients also mentioned considering reducing the amount they paid off any current debts, prolonging any debts clients already have.

Looking Ahead

Clients were also asked how they would cope if their financial situation became worse and while clients most commonly said they would borrow money from family and friends or contact Citizens Advice, a large number of clients also said they didn't know or that they wouldn't cope.



**Clients listed belongings they would sell as clothing, furniture and household goods.*

A number of clients also stated if their financial situation became worse it would have a detrimental impact on their mental health, with one client stating they “would struggle due to their mental health” and another mentioning that they “don't know how they would cope” and that they “get anxious about it”.

Conclusion & Future Plans

This research has explored the impact of the cost-of-living crisis as Knowsley residents first start to feel it. The April energy price cap rise, alongside increasing inflation have seen the costs of day-to-day essentials increase. Alarming, these costs are set to rise further, and their impact will ultimately be felt even deeper.

Although the cost-of-living crisis is undoubtedly a national issue, it will hit an area such as Knowsley particularly hard. With already high levels of deprivation and harsh cuts to public spending, Knowsley residents face a challenging few months ahead. Worryingly, many of the clients surveyed simply do not know how they will cope if their financial situations become worse, with some clients suggesting they will resort to stopping paying bills and getting into debt just to manage. Vulnerable Knowsley residents with long-term health conditions and disabilities are also likely to suffer, with their ability to reduce any financial outgoings limited by the requirements to meet their basic needs.

As the cost-of-living crisis deepens, Citizens Advice Knowsley will carry out further research with our clients. The next stage of our research understanding the impact of the cost-of-living crisis will involve carrying out in depth interviews with clients from the survey who have agreed to be involved in further research. 31 of the 118 clients have agreed to be involved in further research and over the next 2-3 months, Citizens Advice Knowsley will interview those clients and analyse their narratives.

At the time of carrying out the surveys, the Chancellor had not made the announcement outlining additional government support measures to help tackle the cost-of-living crisis. Further research will also explore the impact that people feel these measures will have for them.

Citizens Advice Knowsley will continue to carry out research and raise awareness of this issue in the context of Knowsley; as well as using our findings to strengthen local partnerships to create a joined-up network to support Knowsley residents through this crisis.