



The cost of living crisis across the devolved nations

How rising costs are hitting different places across
Scotland, Wales, and Northern Ireland

July 2023



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Executive summary



Executive summary

Across the United Kingdom, the effects of the ongoing cost of living crisis are not uniformly experienced. Social and economic resilience varies dramatically from one area to another, significantly shaping how the spiralling costs of household essentials such as fuel, food, and housing are affecting different communities.

The interplay between rising prices and local economic conditions has been well documented through the Centre for Progressive Policy's ongoing programme of work on the cost of living crisis, yet to date, our analysis has focussed entirely on England's experience, largely for data reasons. This new report seeks to fill in the gaps for the devolved nations of Scotland, Wales, and Northern Ireland, which comprise the rest of the United Kingdom. We highlight the local authorities that are likely to struggle the most as inflation continues to grip the UK, exploring the characteristics of different local areas that make them comparatively more or less resilient to ongoing high prices. This report also provides recommendations for the devolved administrations, suggesting potential strategies to better tailor support to their local communities.

Key findings

Rural and remote places, including small town and village communities in Wales and rural and island communities in Scotland, are more vulnerable to high inflation due to high levels of fuel poverty combined with other local factors, such as higher food prices in Scotland's rural communities, and lower rates of pay across many smaller settlements in Wales.

Residents in the capital cities of Cardiff, Belfast, and Edinburgh are particularly exposed to higher housing costs, due to both higher costs in the private rented sector and a large number of households carrying high mortgage burdens, leaving them more vulnerable to high interest rates and future rate rises.

There is a significant difference in the severity of fuel poverty between Belfast and other areas in Northern Ireland, likely due to the lack of grid connectivity and dependence on heating oil outside of Belfast. This, coupled with varying rates of economic inactivity, low pay, child poverty, and food insecurity, across different areas, means that how the next stage of the crisis pans out across Northern Ireland is less clear.

Policy recommendations

Our analysis underlines a strong case to improve the conditions in which local leaders and their partners are working to tackle the cost of living crisis, and to increase their ability to target resources to the challenges faced in their areas. CPP recommends the following:

Flexible local funds

Future cost of living funds delivered through local authorities in the devolved nations should provide far greater flexibility for councils to tailor interventions to tackle the unique challenges that they face in their areas. This should particularly seek to tackle challenges that household-level support schemes administered via the UK or devolved governments are unable to reach. The Household Support Fund in England, which is not ringfenced to allow local leaders to fund interventions aligned with local priorities, serves as a good example.

Better local data

The governments and statistical agencies of the devolved nations should all work to urgently update local area poverty statistics and commit to producing them on a more regular basis, as well as working collectively to better align different definitions of poverty to support comparisons across borders.

Data-sharing

The devolved governments should each work to develop new legal frameworks for the development of subnational data-sharing agreements, specifically for local authorities and their partner organisations who are working to develop crisis interventions.

Spatial impact analysis of policy

The UK government and devolved governments should conduct spatial analyses when designing support packages for crisis interventions, to identify potential areas where both universal and targeted funding schemes do not provide adequate support relative to need, and the distinct pressures related to the local economic conditions of different areas.



Introduction



Introduction

Despite many initial forecasts expecting inflation to be transitory back when the cost of living crisis started, in the year to May 2023 the inflation rate was 8.7%. Even if inflation falls back to the 2% target by 2024 as the Bank of England expects, households will still be living with the effects of significantly higher prices.¹ In the last eighteen months, living standards have been squeezed beyond any level seen for generations, as rising living costs have brought the consequences of over a decade of economic stagnation to fruition. While energy prices are forecast to begin falling, with the Energy Price Cap that sets consumer energy prices in Great Britain has fallen to £2,073 in July, it would be unwise to see this as the beginning of our return to normality and a pathway to improving living standards across the board. £2,073 is nearly double where the Energy Price Cap was in the autumn of 2021. On top of this, food price inflation remains very high at 18.4%, while housing insecurity continues to deepen and widen as continued high inflation in rental costs shows little sign of abating. The Bank of England's response to persistent inflation is to keep raising interest rates which will inflict pain onto mortgage holders: those re-mortgaging next year face average additional payments of £2,900 per year, based on current trends.²

In the last eighteen months, living standards have been squeezed beyond any level seen for generations, as rising living costs have brought the consequences of over a decade of economic stagnation to fruition

While this general picture of the scale of the crisis is now widely understood, many people's experiences have not been documented in the mainstream narrative. The Energy Price Cap has never been applicable to Northern Ireland, and 68% of its population depends on heating oil to power their homes, which trades within a completely unregulated market which spiked long before the Energy Price Cap neared its peak. Food prices are high everywhere, but they are even higher across the Scottish isles, where additional transportation costs mean that the prices paid by island communities are considerably higher than mainland Great Britain. Wales, which has some of the lowest average incomes across the whole of the UK, persistently ranks at the top of surveys that have sought to capture how hard different people and regions have been hit by the cost of living crisis.

CPP's ongoing programme on the cost of living crisis has sought to highlight the varied, and often under-recognised, geographical dimension of the crisis, outlining the nature of vulnerabilities to rising prices across different local authority areas in England.³ But to date, our work has centred entirely on areas in England (largely for data reasons), while the different experiences of this crisis across the devolved nations of Scotland, Wales, and Northern Ireland have often gone unnoticed.

1 Bank of England [BoE] (2023). Monetary Policy Report - May 2023. Available at: <https://www.bankofengland.co.uk/monetary-policy-report/2023/may-2023>

2 Pittaway, S. (2023). The Mortgage Crunch. Resolution Foundation [RF]. Available at: <https://www.resolutionfoundation.org/publications/the-mortgage-crunch/>

3 Two previous CPP reports have spotlighted geographical variation in vulnerability to the ongoing cost of living crisis in England. They are *The levelling up outlook #5*: <https://www.progressive-policy.net/publications/the-levelling-up-outlook-5>, and *Hard Up*: <https://www.progressive-policy.net/publications/hard-up>.



This report seeks to fill this gap – focussing exclusively on the crisis across these devolved nations and highlighting the varied impacts of this crisis within the distinctive geographies of each of them.

Our analysis follows a similar approach to our previous Cost of Living Vulnerability Index, which measures the vulnerability of different local authorities in England to rising deprivation as a result of their varied economic conditions (see Figure 1). Analysis of vulnerability across each devolved nation is set out across three separate sections of this report and each section focusses on the same set of indicators that we have explored previously. We look first at existing levels of poverty within a place (fuel poverty, food insecurity, child poverty) as this broadly reflects the vulnerability of those already living in poverty being pushed deeper into destitution due to high inflation. We also explore the conditions of the local labour market (claimant count, low pay, economic inactivity), that reflect the risk of people not currently living in poverty being pulled into it as the costs of essentials rise. In addition to these two factors, and unlike in previous reports, we have also included a new indicator and focus on housing – reflecting the rapid increases in prices for privately rented accommodation in some parts of the country, which continue to push down on living standards, widening and deepening housing insecurity.⁴ We also explore the potential vulnerability of different areas to the emerging mortgage crisis, although this factor does not feature within the index itself.

While we have used comparable data across the three devolved nations, there are some instances where the same data does not exist or is otherwise incomparable, largely due to either differences in the year of publication, or differences in the definitions of different poverty types.

⁴ Evidence suggests that the impact of cost of living pressures on housing costs is being felt across all housing tenures, but tenants in the rental market are being disproportionately affected. While this includes the social rented sector, our analysis focusses on the private rental market as it is a) seeing the sharpest increases particularly compared to the social rented sector, b) considerably more expensive, and it therefore constitutes a larger share of incomes, and c) generally larger than the social rented sector <https://lordslibrary.parliament.uk/through-the-roof-housing-and-the-cost-of-living/>.

Figure 1: List of indicators that form the basis of our Cost of Living Vulnerability Index, and analysis for this report

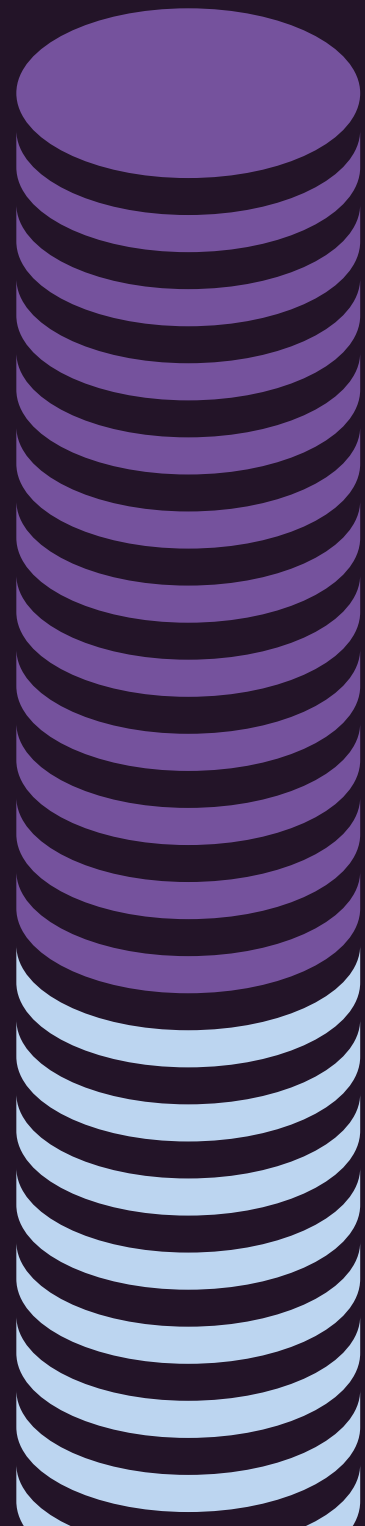
Indicator name	Wales	Scotland	Northern Ireland
Fuel Poverty	The % of households within a local authority having to spend more than 10% of their household income to maintain a 'satisfactory heating regime'	The % of households spending more than 10% of income on fuel costs and if the remaining household income is insufficient to maintain an adequate standard of living	The % of households paying over 10% of their income on home energy costs
Food Insecurity	The % of households within a local authority experiencing struggle with food insecurity	Same data	Same data
Child Poverty	The % of children who are living in households with below 60% median income after housing costs	Same data	Same data
Claimant Count	The % of the local population claiming unemployment-related benefits	Same data	Same data
Economic Inactivity (Working-Age Population)	The % of the working age population who are not in employment and not actively seeking employment	Same data	Same data
Low Pay	The % of jobs that pay at least two-thirds below the UK median gross hourly pay by local authority	Same data	Same data
Housing Costs ⁵	The % of monthly take home pay required for someone earning the median in a local authority, to rent a median 1-bed property in the local authority area	Same as Wales	The % of monthly take home pay required for someone earning the median in a local authority, to rent a median apartment the local authority area ⁶

5 Our housing costs variable is to be interpreted as a proxy for local housing costs relative to local incomes. In the absence of recent or reliable local area household income statistics, it is difficult to estimate a proportion of income that family or larger households pay for housing as a share of their income, therefore we have opted to use the cost of a 1 bed private rental as a proportion of a single person's take home pay as a proxy for the average cost of housing relative to average incomes.

6 'Apartment' is used as a substitute for 1 bed properties as such data does not exist at the local level for Northern Ireland, and instead 'apartment' reflects the smallest sized accommodation in the data. For more information, see the following: <https://www.nihe.gov.uk/getattachment/56b0a328-6754-4b5e-8d00-8d7c38a975bd/performance-private-rental-market-NI-January-June-2022.pdf>

Wales

1



Summary

While a lack of data means it is difficult to determine the true extent to which the cost of living crisis has impacted households in Wales, research published throughout the crisis has pointed to the Welsh experience of the crisis being one of the most severe. Mind, the mental health charity, found that the majority (53%) of people in Wales have seen their mental health worsen due to the financial impacts of the cost of living crisis.⁷ Public Health Wales has recently highlighted the vast drop off in the number of people in Wales claiming they were ‘not at all’ worried about their finances from 60% in January 2022 to just 27% in January 2023.⁸ Relative to other parts of the UK, the crisis seems to be more acute within Wales, with a survey conducted around the end of 2022 by the University of Bristol’s Personal Finance Research Centre finding that over 1 in 5 households (22%) in Wales were facing ‘serious financial difficulty’ as a result of the cost of living crisis, which is higher than both Scotland and Northern Ireland, as well as all of the English regions.⁹

But underlying the Welsh national experience, the scale and nature of the crisis is likely to have been felt differently in different parts of the country. Previous CPP analysis of the cost of living crisis across England identified that large urban areas were generally more vulnerable due to higher levels of existing deprivation, whereas peripheral or more urban areas were often more vulnerable because of weaker local labour markets: i.e., higher levels of worklessness, as well as lower rates of pay.¹⁰ But many local authority areas in Wales are mixed in their geography, and in many cases a simple urban/rural classification does not necessarily give a genuine reflection of how an area functions and is experienced. To overcome this problem, the Centre for Towns think tank developed its own taxonomy of local areas based on the types of settlement in which the largest proportion of the local population live. Our analysis for Wales uses an adjusted version of this taxonomy developed by CPP to classify Welsh local authorities into three separate categories.¹¹

Research published throughout the crisis has pointed to the Welsh experience of the crisis being one of the most severe

7 Mind (2023). *Mental health of over half of people in Wales negatively affected by cost of living crisis*. Available at: <https://www.mind.org.uk/news-campaigns/news/mental-health-of-over-half-of-people-in-wales-negatively-affected-by-cost-of-living-crisis/>

8 NHS Wales (2023). How is cost of living crisis affecting people in Wales? Available at: <https://phw.nhs.wales/news/how-is-cost-of-living-crisis-affecting-people-in-wales/>

9 University of Bristol and abrdn Financial Fairness Trust (2022). Financial impact tracker: July 2022. Available at: <https://www.financialfairness.org.uk/en/our-work/publications/financial-impact-tracker-2022>

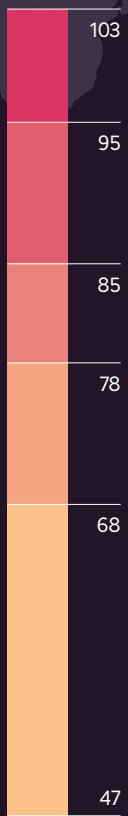
10 Two previous CPP reports have spotlighted geographical variation in vulnerability to the ongoing cost of living crisis in England. They are *The levelling up outlook #5*: <https://www.progressive-policy.net/publications/the-levelling-up-outlook-5>, and *Hard Up*: <https://www.progressive-policy.net/publications/hard-up>

11 The Centre for Towns taxonomy contains six categories: core city, other city, large town, medium town, small town, village/smaller. Our taxonomy drops core city as there are no core cities in Wales, and brings together other city and large town into ‘city or large town’; small town and village/smaller into ‘small town or village’, and rebrands medium town into ‘mostly medium town’. The rationale behind doing this is because the number of local authorities in Wales is significantly smaller than in England, and very few can be accurately defined as just one of the initial six classifications developed by the Centre for Towns, so reducing the number of categories ensures that you can capture geographical variance across different settlement types while also having a good size number of local authorities sitting within each category

Map 1: Cost of Living Vulnerability Index, Wales*

Local authority score (sum of rank)

Most vulnerable



Least vulnerable

103
Denbighshire

47

Monmouthshire

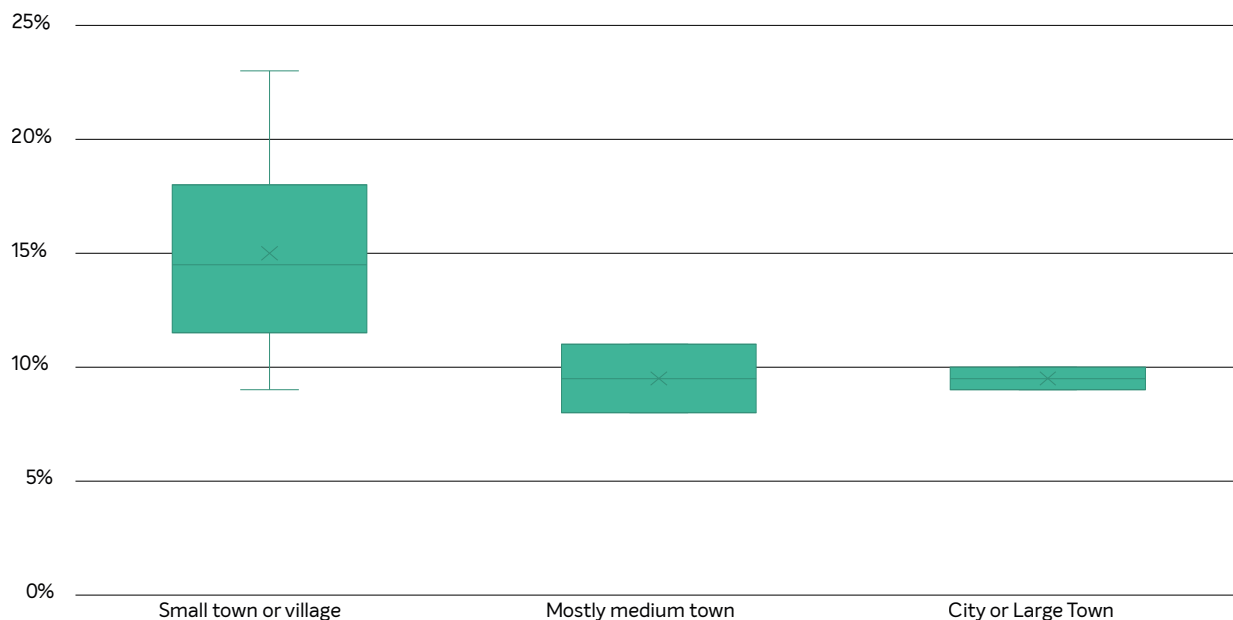
* CPP's Cost of Living Vulnerability Index is calculated by ranking each indicators across local authorities where 1 = lowest level, and then summing all of the ranks across all indicators, where the higher the overall score = the more vulnerable the area.

Figure 2: CPP’s classification of Welsh local authorities¹²

Geographic classification	Definition	List of local authorities
Small town or village	Areas where the majority of the local population live in either small towns of a population less than 24,999 residents, or village communities with populations below 7,500.	Carmarthenshire, Ceredigion, Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey, Monmouthshire, Pembrokeshire, Powys
Mostly medium town	Areas where the majority of the local population live in towns with a population between 25,000–59,999, or where there are several small towns or villages that meld into one another and therefore feel larger than their population figures may suggest (this is mostly applicable to local authorities across the Welsh valleys).	Blaenau Gwent, Bridgend, Caerphilly, Merthyr Tydfil, Neath Port Talbot, Rhondda Cynon, Torfaen, Vale of Glamorgan
City or large town	Where the majority of the population live in settlements with populations over 60,000 people, as well as Wrexham, which was recently granted city status in 2022.	Cardiff, Newport, Swansea, Wrexham

Fuel Poverty

Figure 3: Differences in fuel poverty rates across Welsh local authorities (2017-18)



¹² While the Centre for Towns no longer exists and its reports have mostly been taken offline, their city and town classification can be found on the House of Commons Library: <https://commonslibrary.parliament.uk/research-briefings/cbp-8322/>.

The most striking finding when categorising local areas in this way is that (in 2017-18, the earliest period for which data is available), ‘small town or village’ areas had vastly higher rates of fuel poverty relative to local authorities where most of the local population lived in medium towns, large towns, or cities. Of the 9 of Wales’ 22 local authorities that we classify as small towns or villages, only one (Flintshire) sits outside of the top 10 Welsh authorities with the highest rates of fuel poverty. Most strikingly though, the eight remaining authorities comprise the eight with the highest fuel poverty rates.

Figure 4: The ten Welsh local authorities with the highest rates of fuel poverty, 2017-18

Local authority	Predominant geography type	Fuel Poverty
Gwynedd	Small town or village	23%
Ceredigion	Small town or village	21%
Isle of Anglesey	Small town or village	17%
Powys	Small town or village	17%
Pembrokeshire	Small town or village	15%
Carmarthenshire	Small town or village	14%
Conwy	Small town or village	12%
Denbighshire	Small town or village	12%
Blaenau Gwent	Mostly medium town	11%
Neath Port Talbot	Mostly medium town	11%

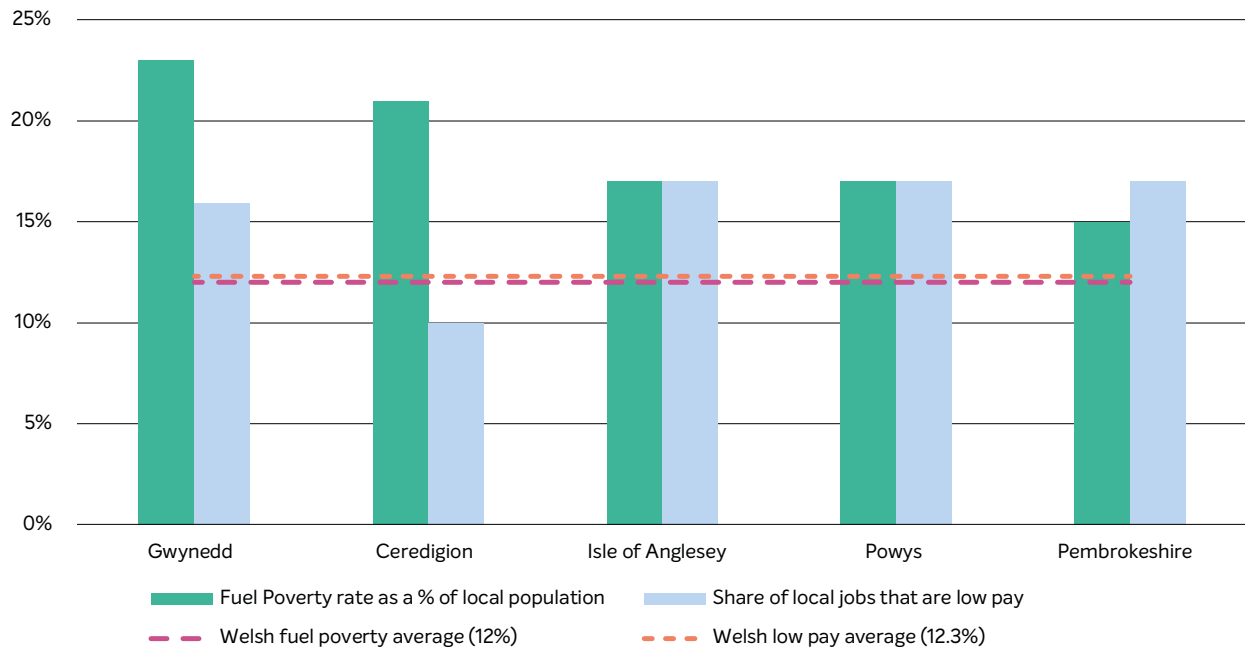
These rates are based on data from 2017-18 and the lack of more up to date local data means it is hard to determine with real certainty that small town and villages fared worse than other parts of Wales during the peak of the energy crisis in 2022. But looking at more recent economic indicators, many of these areas also have a far greater share of low paying jobs than the Welsh average, which, coupled with particularly high rates of fuel poverty, suggests that many households in these areas will have been disproportionately affected by rising energy costs.

Across the Isle of Anglesey, Powys and Pembrokeshire, 17% of local jobs are low paid, which is the joint highest across all Welsh authorities, as can be seen in Figure 5. Indeed, the five local authorities with the highest rate of low paying jobs all fall within our ‘small town or village’ category. Gwynedd also has the highest rate of fuel poverty, as well as Denbighshire and Monmouthshire. By comparison, looking at the five local authorities with the highest rates of fuel poverty it is only Ceredigion that has a lower rate of low paid local jobs than the Welsh national average (12.3%), with just 10% of local jobs paying wages that could be classified as low paying.

17% of local Jobs

are low paid across the Isle of Anglesey, Powys and Pembrokeshire

Figure 5: Prevalence of fuel poverty (2017-18) across the five Welsh local authorities with the highest rates, and rates of low paid employment (2022)



Food Insecurity

While the cost of living crisis has often been presented it as one of both energy and food price inflation, including the increasing number having to choose between ‘heating or eating’, the policy response has largely concentrated on supporting households with energy prices. This focus is not without reason, given the immediate and dramatic nature of energy price hikes following Russia’s invasion of Ukraine in February 2022. And while energy price inflation has slowed since December 2022 and is forecast to fall further, gas prices are still 36% higher year on year and electricity 17.3% higher.¹³ Food price inflation appears even stickier, with few signs of significant slowing – it is 18.4% higher, year on year.¹⁴ The Resolution Foundation has argued that while the cost of living crisis has generally been thought of as a “cost of energy crisis”, falling energy prices coupled with continued high food inflation means it is likely that the dial will shift over the coming months to focus on food insecurity.¹⁵

Going into the cost of living crisis, it seems there was a heightened rate of food insecurity in areas with high proportions of the population living in medium size towns. While Merthyr Tydfil stands out as a particular outlier with a very high rate of food insecurity of 27.97%, four of the five Welsh authorities with the highest rates of food insecurity have populations where the majority live in medium-sized towns. While it is not exactly clear what is driving the heightened rate of food insecurity across the authorities seen in Figure 6, sustained high food prices would mean a rough road ahead for many people living in these areas.

13 Office for National Statistics [ONS] (2023). Cost of living insights: Energy. Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/energy>

14 Ibid

15 Bell, T., Smith, J. Try, L. (2023). Food for thought: The role of food prices in the cost of living crisis. Resolution Foundation [RF]. Available at: <https://www.resolutionfoundation.org/publications/food-for-thought/>

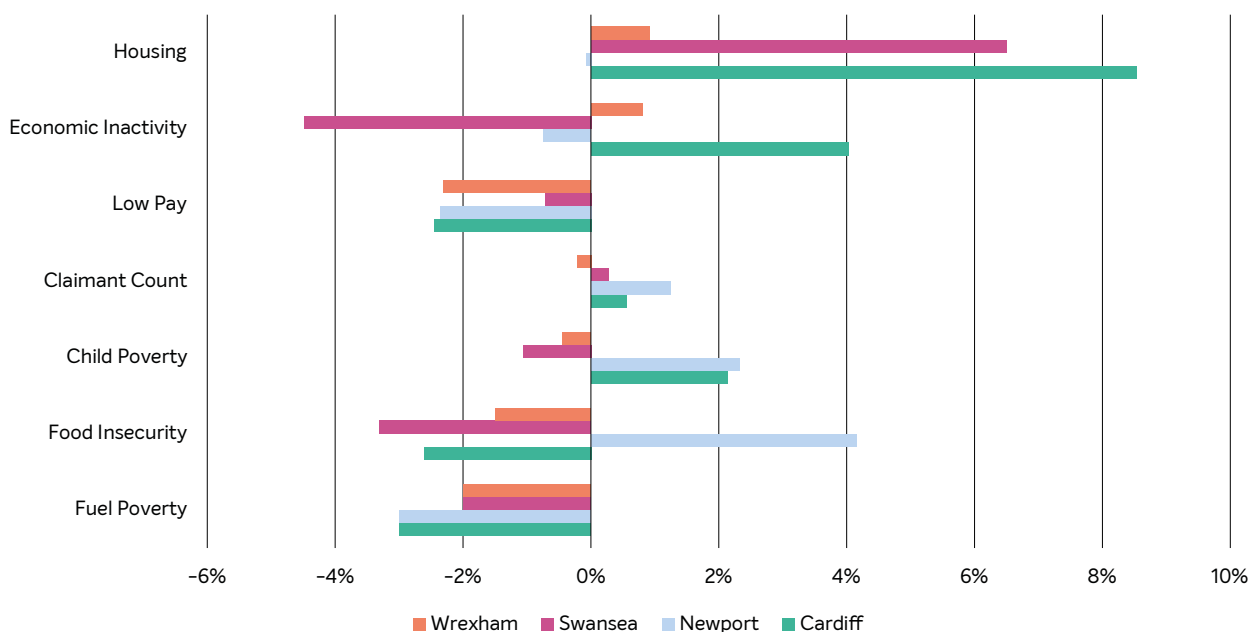
Figure 6: The five Welsh local authorities with the highest rates of food insecurity, 2021

Local authority	Predominant geography type	Food Insecurity
Merthyr Tydfil	Mostly medium town	27.97%
Newport	City or Large Town	17.44%
Rhondda Cynon Taf	Mostly medium town	17.27%
Caerphilly	Mostly medium town	16.56%
Blaenau Gwent	Mostly medium town	14.96%

Housing

The vulnerability of Welsh cities and large towns (Cardiff, Swansea, Newport, Wrexham) often differs quite significantly to that of other Welsh geographies. The most clear sticking point looking at Figure 7 is that housing costs are notably higher than the Welsh national average – although this is driven particularly by higher prices in Cardiff and Swansea, where a single earner on an average income renting an average 1-bed property would see costs of around 34.9% and 32.5% of income respectively. On the flip side, fuel poverty rates in these areas going into the energy crisis were persistently lower than the national average, and so too is the share of local jobs that are low-paying.

Figure 7: Breakdown of vulnerability indicators of Welsh cities and large towns relative to Welsh national average



While looking at average housing costs relative to average incomes is a useful proxy that helps gauge the state of the housing market across different areas, this can often conceal particular challenges faced by lower-income households. A recent report by the Bevan Foundation found that there is a severe shortage of properties available to rent at Local Housing Allowance (LHA)

rates in Wales. LHA rates have been frozen at September 2019 levels since April 2020. They estimate that just 5.9% of properties on the market in August 2022 were available to rent at or below LHA rates, but there is variability across different areas.¹⁶ Seven local authorities in Wales did not see a single property advertised that could be covered by the LHA rate.¹⁷ Across local authorities and across different property types, too, there are significant gaps. In Monmouthshire, the gap between LHA rates and the cheapest monthly rent for a 4-bedroom property stood at £726.98 per month. In some areas, significant gaps exist even for 1-bed properties – in the Isle of Anglesey, this gap stood at £250.59. For those who rely on housing benefit to cover their housing costs, the growing gap between rental prices and LHA rates risks pushing more households into housing insecurity, poor quality accommodation, or homelessness.

The growing gap between rental prices and LHA rates risks pushing more households into housing insecurity, poor quality accommodation, or homelessness

As interest rates rise to levels not seen for a generation, many mortgage-holders will be anticipating further pressure on their living standards as high interest rates push up the cost of their monthly repayments. This will disproportionately affect households with high mortgage loan-to-income ratios - defined in this case as those who took out mortgages since 2018 with a loan four times or more larger than annual household income. Areas with a high proportion of mortgage owners where this applies may therefore be particularly vulnerable to rising interest rates. Looking at Figure 8, Cardiff stands out as the area with the highest proportion of such mortgages, at 29.7% of all mortgage-holders, or 3,742 households. Newport and Llandrindod Wells follow closely, with 27.7% (1,767 households) and 27.3% (126 households) of mortgage-holders respectively. Conversely, the areas with the smallest percentage of households at risk are Llandudno and Swansea, with 22.9% (1,229 households) and 22.0% (1,640 households). Despite the lower percentages, the absolute number of affected households in these areas remain significant.

Figure 8: Mortgage vulnerability across Wales

Area	% of local mortgages since 2018 with a loan:income ratio greater than 4x annual income	Number of relevant mortgages
Cardiff	29.7%	3,742
Newport	27.7%	1,767
Llandrindod Wells	27.3%	126
Llandudno	22.9%	1,229
Swansea	22.0%	1,640

Source: Financial Conduct Authority (FCA), Information on loans for Residential home purchases 2018 – 2021. Obtained via Freedom of Information Act Request from Neal Hudson, and first used here: <https://builtplace.com/market-commentary-october-2022/#ti>

16 Bevan Foundation (2022). Wales' Housing Crisis: an update on the private rental market in summer 2022. Available at: <https://www.bevanfoundation.org/resources/wales-housing-crisis-summer-2022/>

17 These areas are: Blaenau Gwent, Carmarthenshire, Ceredigion, Conwy, Newport, Powys, Isles of Anglesey.

Figure 9: Heatmap of vulnerability indicators for Welsh local authorities

Local Authority	Fuel Poverty	Food Insecurity	Child Poverty	Claimant Count	Low Pay	Economic Inactivity	Housing Costs
Blaenau Gwent	11%	14.96%	30.32%	4.50%	10.0%	24.68%	21.71%
Bridgend	8%	14.68%	25.30%	3.24%	11.1%	26.55%	29.21%
Caerphilly	9%	16.56%	27.66%	3.70%	9.9%	25.70%	24.37%
Cardiff	9%	10.67%	27.75%	4.01%	9.9%	28.03%	34.86%
Carmarthenshire	14%	13.36%	27.85%	3.00%	11.1%	26.08%	23.85%
Ceredigion	21%	8.88%	30.00%	2.80%	10.0%	24.38%	27.45%
Conwy	12%	10.55%	28.13%	3.72%	13.0%	21.82%	26.80%
Denbighshire	12%	11.80%	28.11%	3.76%	15.6%	25.34%	27.17%
Flintshire	9%	8.97%	24.59%	3.07%	12.4%	20.06%	28.38%
Gwynedd	23%	13.68%	28.20%	2.97%	16.0%	22.38%	27.70%
Isle of Anglesey	17%	11.09%	28.95%	3.51%	17.0%	21.30%	24.50%
Merthyr Tydfil	10%	27.97%	29.17%	4.01%	9.7%	27.09%	24.64%
Monmouthshire	10%	9.80%	21.38%	2.42%	14.5%	21.13%	26.66%
Neath Port Talbot	11%	14.39%	26.42%	3.31%	11.3%	27.28%	24.39%
Newport	9%	17.44%	29.13%	4.71%	9.9%	23.25%	26.24%
Pembrokeshire	15%	11.22%	29.03%	3.37%	17.0%	23.03%	25.67%
Powys	17%	12.38%	27.92%	2.41%	17.0%	23.10%	20.71%
Rhondda Cynon Taf	11%	17.27%	28.11%	3.48%	13.7%	28.05%	22.33%
Swansea	10%	9.98%	26.29%	3.73%	11.6%	19.50%	32.82%
Torfaen	8%	11.19%	27.42%	3.96%	9.9%	24.04%	24.69%
Vale of Glamorgan	8%	13.66%	22.19%	3.12%	10.2%	20.25%	27.60%
Wrexham	10%	11.79%	26.75%	3.23%	10.0%	24.79%	27.23%

TURKISH PEPPER
\$1.90
lb

SWEET LONG RED PEPPERS
3 for \$1.00

LARGE BUNCH SPRING ONIONS
\$1.00 EACH

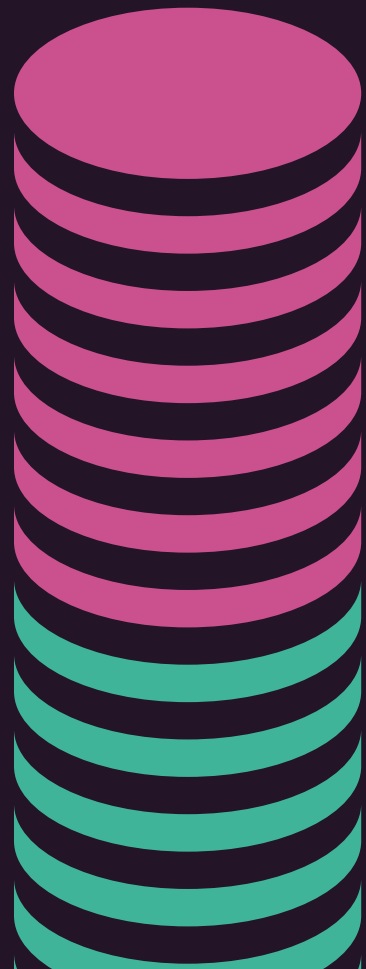
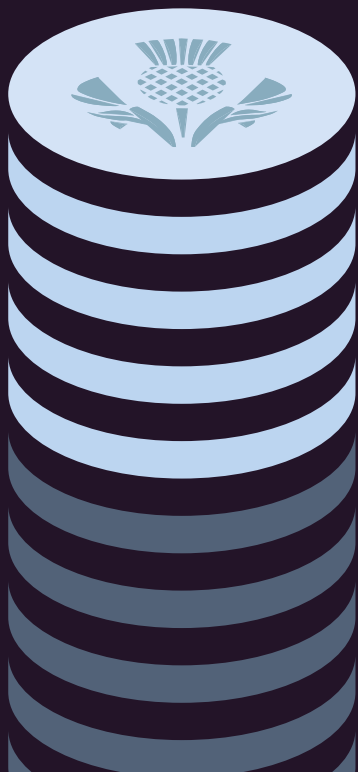
SWEET PEPPERS
\$1.00

SWEET MIXED CHERRY TOMATOES
\$1.00



Scotland

2



Summary

Earlier this year, a report published by the Scottish Human Rights Commission set out in stark terms the scale of challenge faced in Scotland to reduce deprivation and inequalities.¹⁸ Poverty rates are rising, and as wages have struggled to keep pace with the minimum amount of income needed to cover the basics, some 60% of adults in Scotland living in poverty are in working households. The commission has particular concerns over high levels of food insecurity across the country, citing the significant increases in reliance on charitable food provision between 2008-2020, while data from the Trussell Trust suggests that the number of food parcels it has distributed in Scotland rose by 30% between 2021/22 – 2022/23.¹⁹ And despite the introduction of the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019, which introduced statutory targets for reducing fuel poverty, there is concern that the energy crisis will have decreased the likelihood that these targets will be met.

Poverty rates are rising, and as wages have struggled to keep pace with the minimum amount of income needed to cover the basics, some 60% of adults in Scotland living in poverty are in working households

Irrespective of geography, virtually all households in Scotland will have been impacted, in some form, by high inflation. A recent poll conducted by the Joseph Rowntree Foundation found that the cost of living crisis had pushed the majority of people in Scotland to cut back on essentials – 7 in 10 – with this figure rising to 8 in 10 for those living in lower income households.²⁰ But Scotland’s unique and distinct geography means that the scale and extent of ‘cutting back’ is likely to have differed quite substantially across different places. The absence of official statistics that account for recent changes in prices at a local level make it difficult to confirm this. But analysis of our vulnerability indicators for Scottish local authorities suggests that there are particular distinctions between Scottish local authorities based in Scotland’s central belt, and those that have a higher share of remote living around the North of Scotland, and across the Scottish isles. For this reason, our classification of Scottish local authorities is centered around the proportion of the population living remotely.²¹

18 Scottish Human Rights Commission (2022). Submission to the United Nation’s Committee on Economic Social and Cultural Rights. Available at: <https://www.scottishhumanrights.com/media/2398/2023-icescr-pswg-submission-to-un-for-publication.pdf>

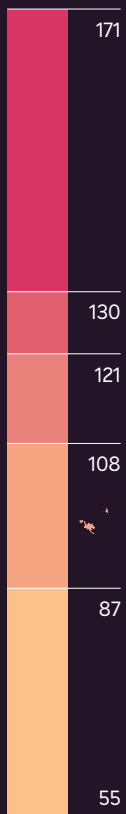
19 The Trussell Trust (2023). Emergency food parcel distribution in Scotland: April 2022 – March 2023. Available at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2023/04/EYS-Scotland-Factsheet-2022-23.pdf>

20 Cebula, C. & Birt, C. (2023). 10 cold, hard facts: Low-income Scottish families grow weary after another winter of the cost of living crisis. Joseph Rowntree Foundation [JRF]. Available at: <https://www.jrf.org.uk/blog/10-cold-hard-facts-low-income-scottish-families-grow-weary-after-another-winter-cost-living>

21 The Scottish Government defines a remote population as one that is more than a 30-minute drive from a settlement with at least 10,000 people (since there are no towns of more than 10,000 in the Scottish Islands, this includes all island areas)

Map 2: Cost of Living Vulnerability Index, Scotland*

Local authority score (sum of rank)
Most vulnerable



Least vulnerable

55

East Renfrewshire

171

Glasgow City

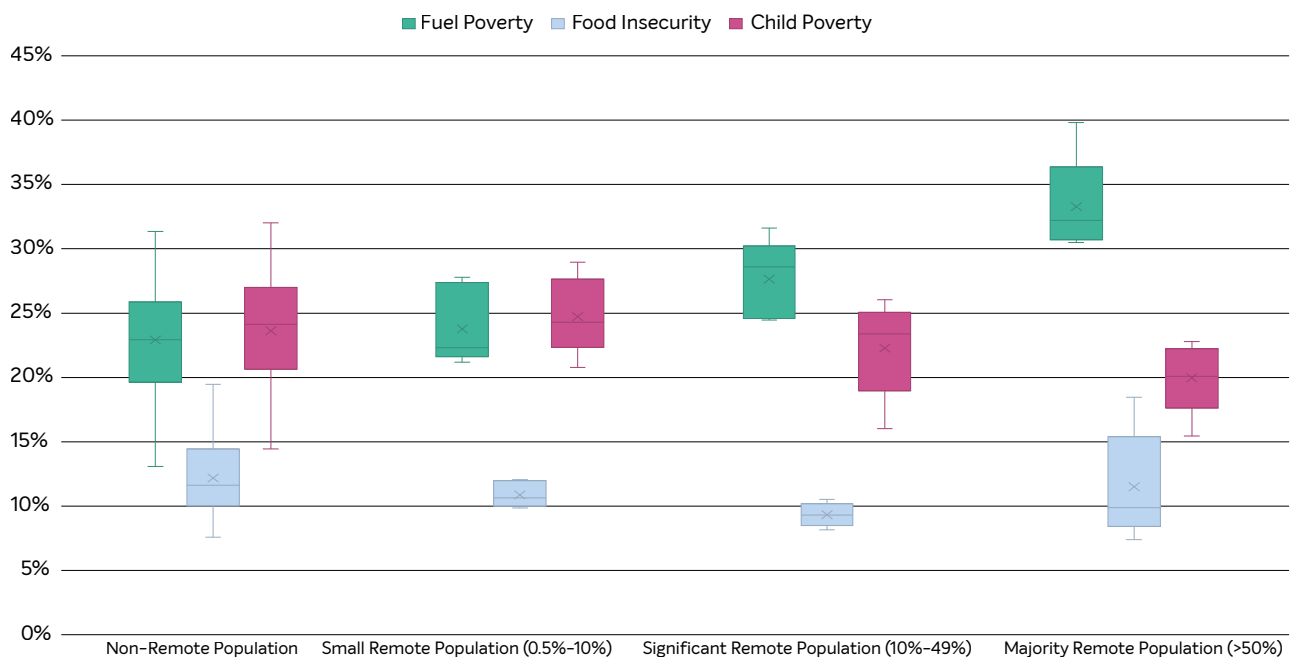
*CPP's Cost of Living Vulnerability Index is calculated by ranking each indicators across local authorities where 1 = lowest level, and then summing all of the ranks across all indicators, where the higher the overall score = the more vulnerable the area.

Figure 10: CPP’s classification of Scottish local authorities

Geographic classification	Definition	List of local authorities
Non-remote population	Where no one in the local authority area lives anywhere that could be considered as remote	Aberdeen City, City of Edinburgh, Clackmannanshire, Dundee City, East Dunbartonshire, East Lothian, East Renfrewshire, Falkirk, Fife, Glasgow City, Inverclyde, Midlothian, North Lanarkshire, Renfrewshire, West Dunbartonshire, West Lothian
Small remote population	Where a small proportion (0.5%–10%) of the local population lives remotely	Angus, East Ayrshire, North Ayrshire, South Ayrshire, South Lanarkshire, Stirling
Significant remote population	Where a significant proportion, but not a majority (10%–49%) of the local population lives remotely	Aberdeenshire, Dumfries and Moray, Perth and Kinross, Scottish Borders
Majority remote population	Where the majority (>50%) of the local population lives remotely	Argyll and Bute, Highland, Na h-Eileanan Siar, Orkney Islands, Shetland Islands

Fuel poverty

Figure 11: Diverging trends – fuel poverty and child poverty



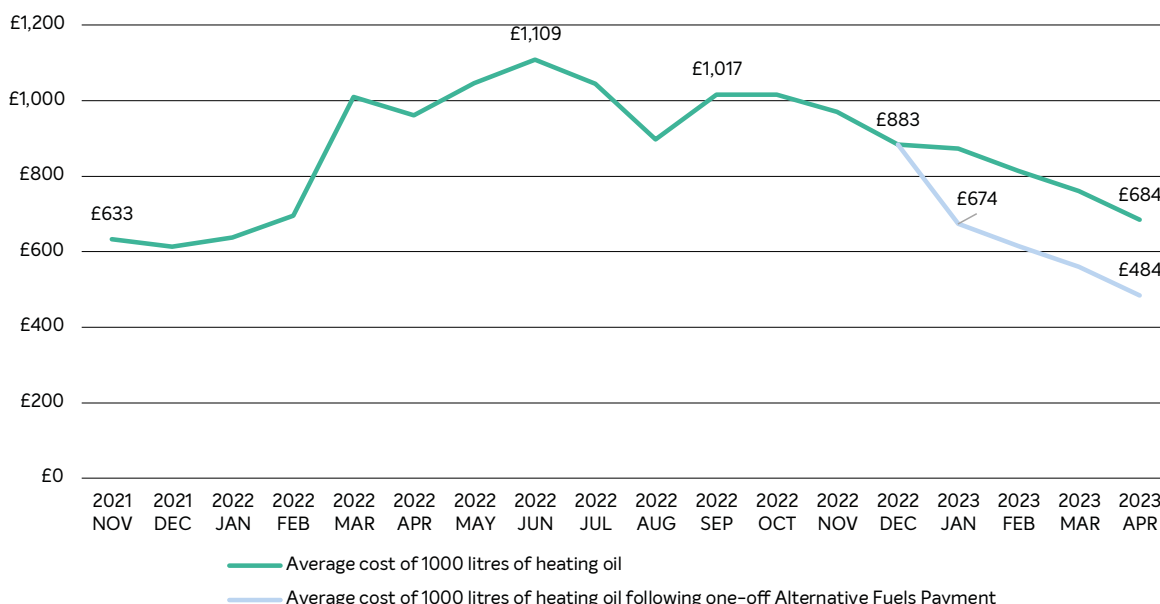
Looking at the poverty-based indicators, two clear geographic trends stick out. First, there is an acute issue with fuel poverty in remote areas. The three areas with the highest rates of fuel poverty – Na h-Eileanan Siar, Highland, and Argyll and Bute, with rates of 39.8%, 32.9%, and 32.2%, respectively - are all areas with majority remote populations. While some non-remote

areas have high fuel poverty rates, for instance Dundee City (31.4%), higher rates of fuel poverty are a persistent trend among areas with a remote population, and fuel poverty generally increases the more remote places are.

A large part of this can likely be attributed to how the Scottish gas grid does not reach significant parts of Scotland’s remote communities, leaving them dependent on alternative sources of heating. The Scottish Government estimates that around 65% of remote rural dwellings are not connected to the grid, leaving many dependent on electric storage heating and home heating oil, which can often be significantly more expensive than energy provided through the grid. The home heating oil market is largely unregulated and unprotected by any price mechanism such as the Energy Price Cap, leaving it prone to significant price fluctuations. As Figure 12 shows, the average price of 1000 litres of heating oil rose by nearly £500 in just six months between November 2021 and May 2022 alone, rising from £633 to £1109.²² Although the UK government has issued an ‘Alternative Fuels Payment’ worth £200 to every household unconnected to the gas grid in Great Britain, and every single household in Northern Ireland, Figure 12 also shows it was introduced far beyond the peak of heating oil prices in early-mid 2022.

The Scottish gas grid does not reach significant parts of Scotland’s remote communities, leaving them dependent on alternative sources of heating

Figure 12: Average price of 1000 litres of heating oil throughout the energy crisis

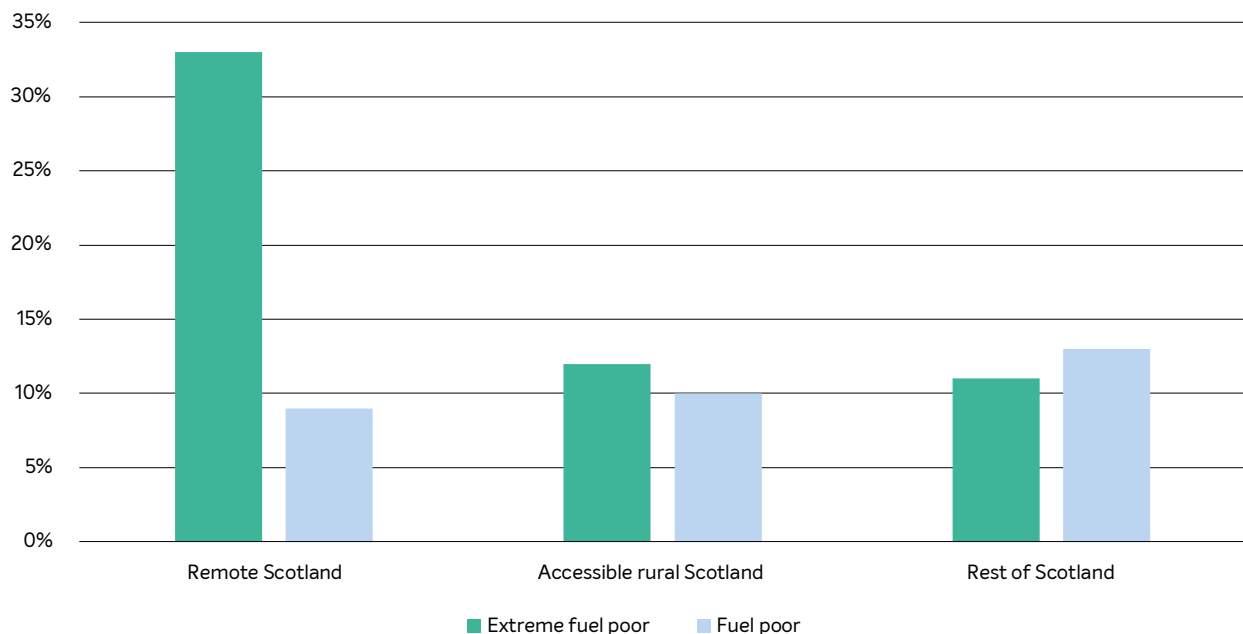


Source: CPP analysis of ONS Retail Price Indices: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/kj5u/mm23>

22 Cousins, G. (2023). Northern Ireland is at the mercy of a volatile market due to home heating oil dependency. Newsletter. Available at: <https://www.newsletter.co.uk/business/consumer/cost-of-living/northern-ireland-is-at-the-mercy-of-a-volatile-market-due-to-home-heating-oil-dependency-4014143>

Figure 13 shows how severe and widespread fuel poverty is across remote Scotland. Going into the energy crisis around 1 in 3 (33%) Scottish households living in remote areas were considered ‘extreme fuel poor’, where household fuel costs were more than 20% of their net income, with a further 9% considered ‘fuel poor’, where household fuel costs were in excess of 10% of net income.

Figure 13: Fuel poverty by urban–rural classification



Source: Scottish Government, 2021

Notes: ‘Remote Scotland’ is reworded from the Scottish Government’s original categorisation of ‘remote rural Scotland’, a term commonly used to describe all of Scotland’s remote areas. The Scottish Government’s definition of a ‘remote’ area is an area is more than a 30-minute drive from a settlement with at least 10,000 people, which also includes many remote town communities, particularly across the Scottish Islands, which are all considered to be remote and therefore ‘remote rural’, even if they are not rural areas

Child poverty

The second trend in Scotland relates to child poverty, which is generally more pronounced in non-remote parts of Scotland. Nearly 1 in 3 children (32%) living in Glasgow City live in poverty, and of the ten Scottish local authorities with the highest rates of child poverty, just one (Dumfries and Galloway) has a remote population greater than 10%. Only a further two (North and East Ayrshire) have any degree of remote living at all (4.3% and 6.4%, respectively). Since 2015, child poverty rates have decreased in all but four of the thirty-two Scottish local authorities, and only one of these areas (Orkney Islands) have some degree of remote living.

Although child poverty rates in Scotland are generally lower than England and Wales, recent analysis by the Joseph Rowntree Foundation (JRF) attributes much of this to lower housing costs across Scotland.²³ Indeed, looking at child poverty rates both before and after housing costs, the

23 Cebula, C. & Birt, C. (2023). Deepening poverty in Scotland – no one left behind? Joseph Rowntree Foundation [JRF]. Available at: <https://www.jrf.org.uk/report/deepening-poverty-scotland-no-one-left-behind>

five local authorities with the highest rates of child poverty remain the same, and the actual effect of housing costs on poverty rates in Scottish local authorities is only minor - a percentage point or so across Scottish local authorities, which stands in stark contrast to areas such as London, where factoring in housing costs can push poverty rates up by around 20% in some boroughs.²⁴ And the Scottish Government, unlike the Westminster government, has continued to invest in social housing and has ended the Right to Buy policy, which has acted as something of a buffer in the face of cuts to social security imposed by the Westminster government.²⁵

The number of children living in both ‘deep poverty’ and relative poverty in Scotland has started rising in recent years

While child poverty rates are generally lower in Scotland relative to England and Wales, the number of children living in both ‘deep poverty’ and relative poverty, has started rising in recent years.²⁶ The Scottish Government has recently introduced a new Scottish Child Payment to help reach the statutory targets set in the Child Poverty (Scotland) Act 2017 to significantly reduce child poverty rates by 2023-24.²⁷ But it is difficult to reconcile these positive intentions with the realities of the cost of living crisis, where the costs of household essentials such as food and energy have soared since the autumn of 2021.

Food insecurity in remote areas

While food insecurity rates across Scotland varied significantly going into the cost of living crisis and show no clear geographical trends, several other indicators point to particularly difficult circumstances in remote areas with respect to continued food price inflation. Many remote areas such as South Ayrshire, Moray, Dumfries and Galloway, and the Scottish Borders, have some of the highest rates of low paid employment. But critically, remote areas already face higher food costs than non-remote and urban parts of the UK due in large part to additional transportation costs. A study by Loughborough University commissioned by the Scottish Government revealed that pre-crisis, weekly food costs in remote rural areas on the Scottish mainland were already 2%-4% higher than in urban UK areas, depending on household size. Those on Scottish islands face an even greater burden, with food costs soaring between 5%-13% above the urban average.²⁸ With food prices projected to remain elevated, it is likely that food insecurity rates among remote communities will escalate due to these additional costs. This, coupled with a general lack of resilience to energy prices which are still elevated far above pre-crisis levels, means that the effective rates of inflation experienced in remote communities will likely be far greater than those in non-remote areas, pushing down on living standards and increasing the vulnerability of households to deeper poverty.

24 Data taken from End Child Poverty Coalition: <https://endchildpoverty.org.uk/child-poverty/>

25 Cebula, C. & Birt, C. (2023). *Deepening poverty in Scotland – no one left behind?* Joseph Rowntree Foundation [JRF]. Available at: <https://www.jrf.org.uk/report/deepening-poverty-scotland-no-one-left-behind>

26 Ibid

27 Audit Scotland (2022). Briefing: tackling child poverty. Available at: https://www.audit-scotland.gov.uk/uploads/docs/report/2022/briefing_220922_child_poverty.pdf

28 Davis, A., Bryan, A., Hirsch, D., Ellen, J., Shepherd, C., Padley, M. (2021). The Cost of Remoteness: Reflecting higher living costs in remote rural Scotland when measuring fuel poverty. Loughborough University commissioned by the Scottish Government. Available at: <https://www.gov.scot/publications/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty/documents/>

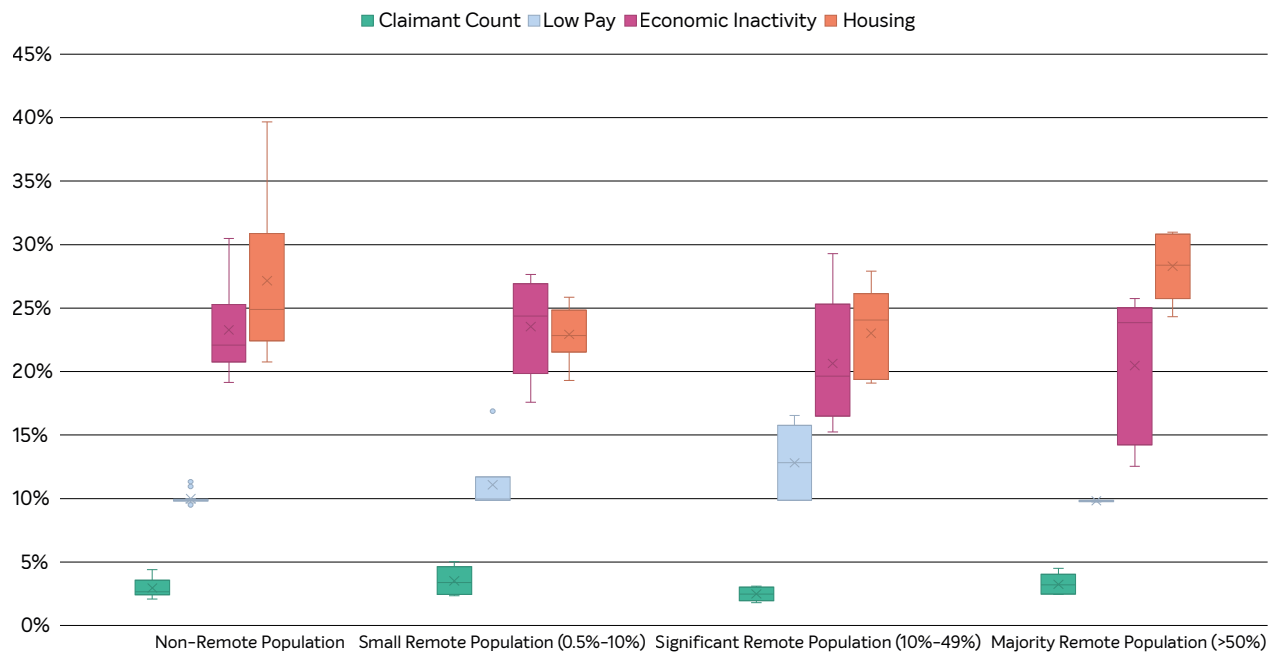
Figure 14: The additional costs of food according to different Minimum Income Standard (MIS) budgets, 2021

Household type	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2 dependents	£112.43	£117.08	4%	£126.70	13%
Working age single	£49.69	£50.60	2%	£52.06	5%
Working age couple	£83.13	£84.64	2%	£87.06	5%
Pensioner single	£47.10	£48.30	3%	£51.97	10%
Pensioner couple	£75.20	£77.04	2%	£79.57	6%

Source: Loughborough University for the Scottish Government, 2021

Housing costs and local labour conditions across Scotland

Figure 15: Breakdown of local area economic indicators and housing costs



The highest housing costs in Scotland are typically seen in cities and their surrounding regions. Renting a one-bedroom property in these areas can consume a substantial portion of a single person’s monthly income. For instance, in Midlothian, which borders Edinburgh, rents are equivalent to 39.7% of the median take-home pay, while in Glasgow City, it is 34.5%. Similarly, East Lothian, which also borders Edinburgh, and the City of Edinburgh itself see proportions of 34.0% and 31.3% respectively.

In light of rising interest rates, homeowners in Scotland due to renew their mortgages will face considerable pressure on their household budgets. This issue will disproportionately impact those with high mortgage loan-to-income ratios, especially those who have recently committed to mortgages with ratios surpassing four times their annual earnings. According to the data presented in Figure 16, Edinburgh is the area most susceptible to this financial strain, with 32.7% (or 4,423 households) of mortgages since 2018 falling into this category. Inverness and Perth follow, albeit at a substantially lower proportion, with 19.3% (513 households) and 19.2% (376 households) of mortgages respectively in this category. Glasgow and Aberdeen are notable for their sheer number of such mortgages, despite a somewhat lower percentage, at 18.4% (2,905 households) and 18.3% (1,232 households) respectively. On the other end of the spectrum, areas like Kilmarnock (9.3%, 358 households) and Dumfries (11.9%, 145 households) have the smallest proportion of households with high loan-to-income ratios. However, it is essential to consider that despite these relatively lower percentages, the absolute number of households affected still represent a significant subsection of the local population, underlining the broad impact of rising interest rates across Scotland.

Figure 16: Mortgage vulnerability across Scotland

Area	% of local mortgages since 2018 with a loan:income ratio greater than 4x annual income	Number of relevant mortgages
Edinburgh	32.7%	4,423
Inverness	19.3%	513
Perth	19.2%	376
Glasgow	18.4%	2,905
Aberdeen	18.3%	1,232
Dundee	17.1%	594
Galashiels	14.1%	146
Kirkcaldy	13.8%	606
Lerwick	13.5%	23
Falkirk	13.2%	423
Paisley	13.2%	552
Hebrides	12.4%	23
Kirkwall	12.3%	58
Dumfries	11.9%	145
Kilmarnock	9.3%	358

Source: Financial Conduct Authority (FCA), Information on loans for Residential home purchases 2018 – 2021. Obtained via Freedom of Information Act Request from Neal Hudson, and first used here: <https://builtplace.com/market-commentary-october-2022/#ti>

When it comes to economic inactivity rates, there is more variability across different geographical categories in Scotland. Some of the most remote areas have lower rates of economic inactivity, such as the Orkney Islands, where it is only 12.5%, well below the Scottish average of 22.4%.



Figure 17: Heatmap of vulnerability indicators for Scottish local authorities

Local Authority	Fuel Poverty	Food Insecurity	Child Poverty	Claimant Count	Low Pay	Economic Inactivity	Housing Costs
Aberdeen City	26.1%	7.6%	20.5%	2.5%	9.9%	24.9%	23.8%
Aberdeenshire	24.5%	8.8%	16.0%	3.1%	9.9%	17.7%	24.1%
Angus	22.1%	10.1%	24.2%	4.5%	9.9%	23.5%	22.7%
Argyll and Bute	32.2%	18.5%	21.7%	2.5%	9.9%	24.3%	24.3%
City of Edinburgh	20.7%	8.4%	19.5%	3.2%	9.8%	19.8%	31.3%
Clackmannanshire	23.7%	12.1%	28.3%	2.6%	9.9%	30.5%	29.6%
Dumfries and Galloway	28.8%	9.3%	26.0%	2.5%	15.0%	29.3%	19.7%
Dundee City	31.4%	11.9%	27.1%	2.4%	9.8%	25.0%	25.3%
East Ayrshire	27.2%	9.9%	27.2%	2.3%	10.0%	26.7%	22.3%
East Dunbartonshire	19.5%	12.3%	14.9%	3.7%	9.9%	22.1%	29.0%
East Lothian	24.0%	10.6%	21.1%	2.4%	11.0%	22.7%	34.0%
East Renfrewshire	13.1%	11.0%	14.4%	3.1%	9.5%	20.5%	20.8%
Falkirk	22.2%	12.1%	25.3%	3.9%	9.9%	19.5%	24.4%
Fife	24.1%	10.0%	26.1%	2.4%	11.3%	22.1%	24.5%
Glasgow City	25.3%	15.2%	32.0%	2.7%	9.9%	25.4%	34.5%
Highland	32.9%	7.4%	22.8%	3.6%	9.9%	25.7%	28.4%
Inverclyde	28.4%	15.9%	24.4%	2.1%	9.7%	21.6%	21.9%
Midlothian	19.2%	17.2%	22.7%	3.0%	10.0%	19.1%	39.7%
Moray	31.6%	9.9%	24.1%	2.9%	16.5%	19.6%	27.9%
Na h-Eileanan Siar	39.8%	9.5%	19.8%	2.5%	9.7%	15.9%	31.0%
North Ayrshire	27.8%	10.2%	29.0%	3.1%	10.0%	25.2%	23.0%
North Lanarkshire	19.9%	11.4%	26.6%	4.4%	9.8%	29.9%	22.1%
Orkney Islands	30.5%	9.9%	20.1%	4.5%	9.8%	12.5%	27.2%
Perth and Kinross	24.7%	10.5%	21.9%	2.1%	9.9%	21.3%	24.4%
Renfrewshire	22.2%	10.0%	23.3%	2.5%	9.9%	25.9%	20.7%

Local Authority	Fuel Poverty	Food Insecurity	Child Poverty	Claimant Count	Low Pay	Economic Inactivity	Housing Costs
Scottish Borders	28.6%	8.2%	23.4%	1.8%	12.8%	15.2%	19.1%
Shetland Islands	30.9%	12.3%	15.4%	3.2%	No data due to small sample	23.9%	30.6%
South Ayrshire	22.5%	12.1%	24.4%	3.7%	16.9%	27.7%	19.3%
South Lanarkshire	21.8%	12.0%	22.8%	5.0%	9.9%	17.6%	24.5%
Stirling	21.2%	11.1%	20.8%	2.5%	9.9%	20.6%	25.9%
West Dunbartonshire	29.2%	19.5%	27.6%	4.1%	9.8%	22.0%	23.3%
West Lothian	18.1%	10.1%	23.9%	2.5%	9.9%	21.4%	29.5%

Northern Ireland

3



Summary

The absence of a functioning government in Northern Ireland means that it is the only part of the UK to have lacked a proper policy response to the cost of living crisis. The lack of political representation in the UK government has further contributed to this challenge, masking the potential severity of the crisis in Northern Ireland from dominant political and media narratives. Few in and around Westminster have been aware that the Energy Price Cap (EPC) has never applied to Northern Ireland, while the country's huge dependency on home heating oil (nearly 7 in 10 households across the whole nation) has also gone largely unnoticed. Many will also be unaware that because of this, Northern Ireland's principal winter crisis was arguably not over the winter of 2022-23 like Great Britain, but the preceding year, 2021-2022, as oil prices began climbing significantly with zero financial support provided to households to absorb costs.²⁹

The Energy Price Cap has never applied to Northern Ireland, and dependency on home heating oil by nearly 7 in 10 households across the nation has gone largely unnoticed by Westminster

Evidence of deepening hardship taking place on a mass scale can be seen in the record levels of households now receiving universal credit (UC), which has more than doubled since 2020 due to pressures from rising bills and prices.³⁰ This hardship is also seen through the rapidly increasing number of households receiving support for housing costs, with the total number having tripled since the end of 2019, now encompassing roughly one in six households, and notably, one in four within the private rented sector.³¹ The lack of resilience to rising prices in Northern Ireland has been reinforced by a lack of governance to help build household and community resilience to economic shocks. Northern Ireland's Fuel Poverty Strategy is over a decade old, having been published in 2011, while local area fuel poverty statistics have not been published since 2016. Local leaders fighting this crisis on the ground have often had to do so with few resources, little strategic oversight and limited data-led insight about the situation as it confronts them.

For our analysis of the cost of living crisis across Northern Ireland, we have opted not to introduce a geographic classification due to the small number of local authorities in the country (11). Instead, as we have also done for Scotland and Wales, our analysis explores the different facets of vulnerability across Northern Ireland within the context of the unique circumstances that have left the country largely lacking in resilience to this crisis.

The number of households receiving universal credit (UC) has more than doubled since 2020 due to pressures from rising bills and prices

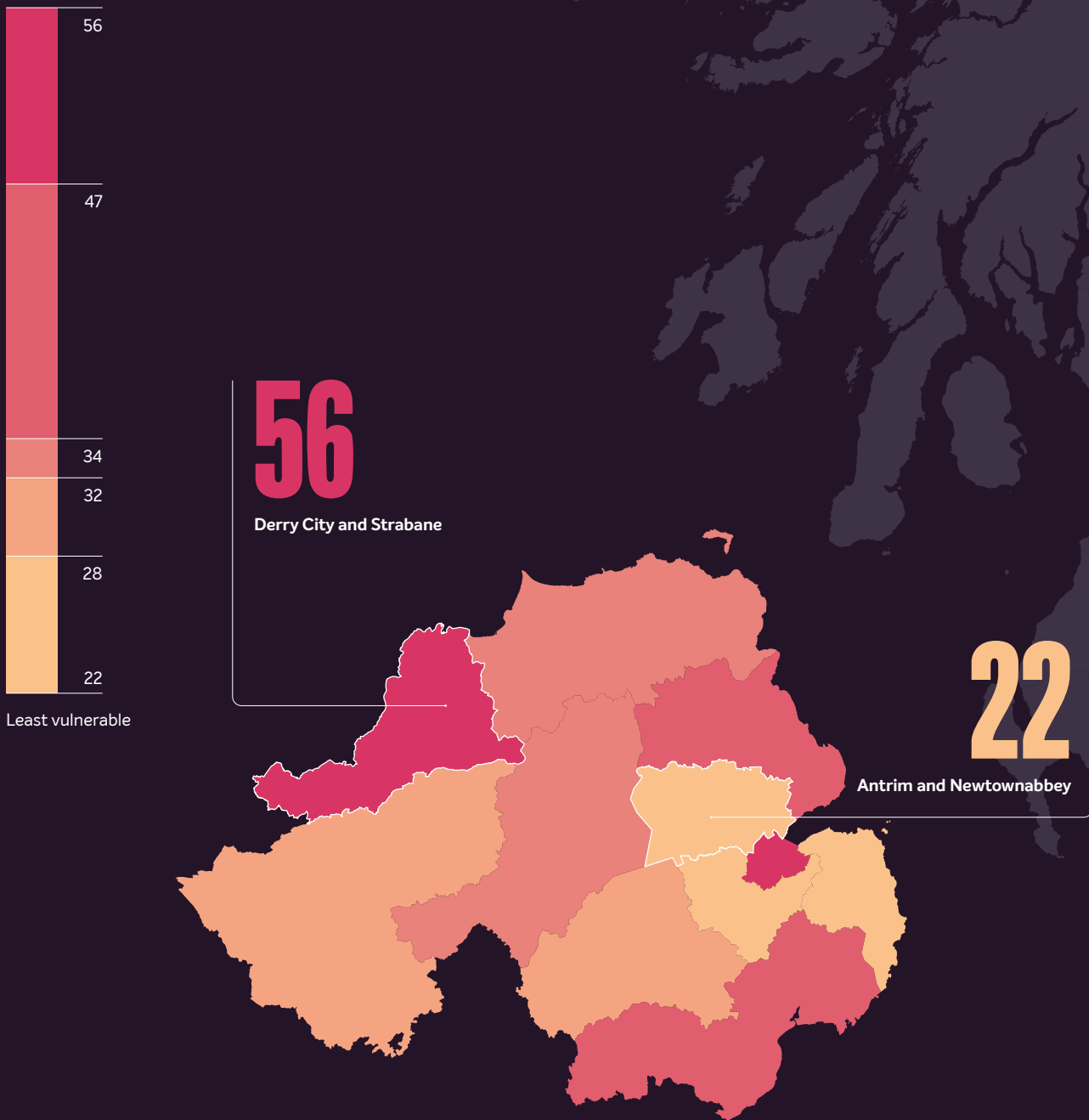
29 http://www.niassembly.gov.uk/globalassets/documents/social-dev/fuel-poverty/briefing_paper.pdf

30 CPP analysis of the most recent universal credit statistics at the time of writing: <https://www.communities-ni.gov.uk/publications/universal-credit-statistics-february-2023>

31 Ibid

Map 3: Cost of Living Vulnerability Index, Northern Ireland

Local authority score (sum of rank, excluding fuel poverty)
Most vulnerable



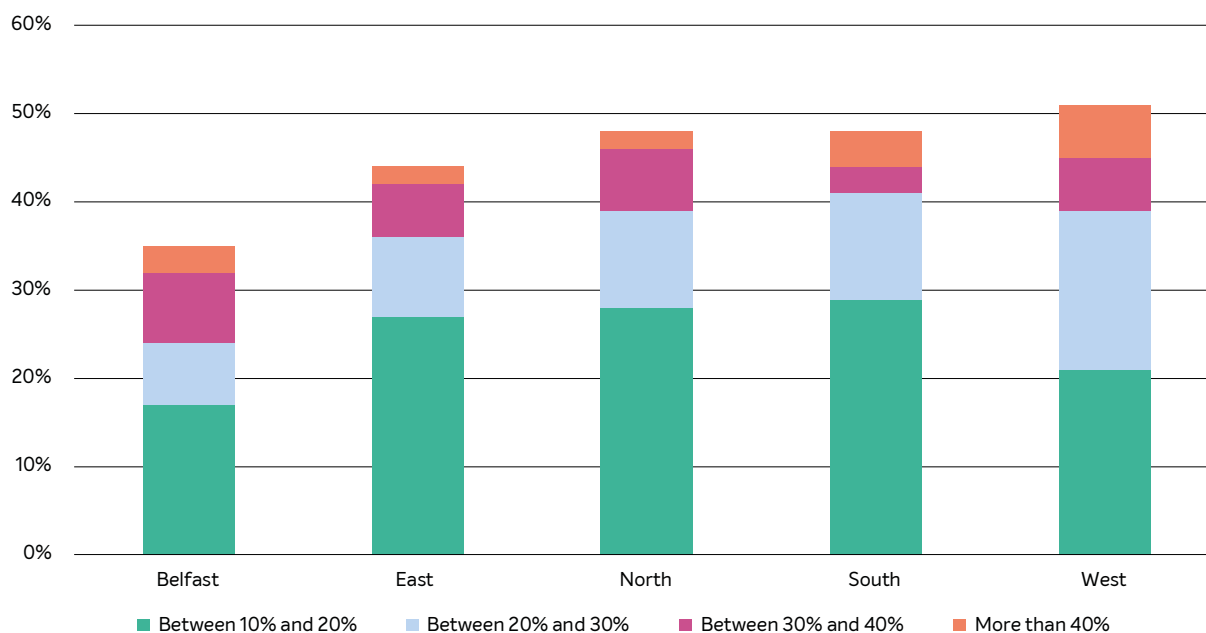
*CPP's Cost of Living Vulnerability Index is calculated by ranking each indicators across local authorities where 1 = lowest level, and then summing all of the ranks across all indicators, where the higher the overall score = the more vulnerable the area.

Fuel poverty

Official fuel poverty statistics in Northern Ireland are vastly outdated. The most recent official statistics are from 2016 and point to a rate of fuel poverty of around 22% at that time. In the absence of official statistics, in 2022 the fuel poverty charity National Energy Action (NEA) commissioned a Northern Ireland-wide representative survey to try to determine the extent to which rising energy prices have impacted households. They estimate that around 45% of households in Northern Ireland were living in fuel poverty, defined as a household spending more than 10% of its income on home energy costs - more than double the 22% figure from 2016.

Local fuel poverty rates in the country vary significantly- ranging from 35% in Belfast to 51% in the West of Northern Ireland (which includes Mid Ulster, West and South Tyrone, and Fermanagh). Estimates of around 44% for the East of Northern Ireland, and 48% in the North of the country. NEA's estimates also suggest that around 3 in 10 households in the West of Northern Ireland are experiencing severe fuel poverty (spending more than 20% of household income on home energy costs), which is significantly higher than the second highest rate (1 in 5 in the North of Northern Ireland).

Figure 18: Responses to polling question: What proportion of your income do you spend on heating oil and gas?³²



Source: National Energy Action and LucidTalks polling, 2022

Belfast appears to be an outlier for fuel poverty in Northern Ireland. It has a lower rate of fuel poverty relative to other areas of Northern Ireland, and official statistics from 2016 similarly indicate that Belfast's fuel poverty rate sits far below the national average, estimated to be just 14.5% in 2016.³³

³² While NEA's fuel poverty estimates paint a more recent picture of Northern Irish fuel poverty than the latest official statistics, they should be treated with a degree of caution as data at the local level is drawn from relatively small sample sizes.

³³ Northern Ireland's official local fuel poverty statistics are derived from the Northern Ireland House Condition Survey (NICHs), and can be found here: <https://www.nihe.gov.uk/working-with-us/research/house-condition-survey>

There are likely various factors underlying this, but two stand out. One is that although there is variance across the city, overall Belfast's housing stock is generally more energy-efficient than much of the rest of Northern Ireland – particularly compared to many rural and coastal communities where the local housing stock is more likely to be older, larger, and draughtier, and therefore more expensive to heat. But the other major factor is that Belfast is well connected to Northern Ireland's gas grid, unlike the vast majority of other areas which are not, and are all therefore dependent on alternative fuel sources, particularly home heating oil, for home energy.

The Northern Ireland Fuel Poverty Coalition estimates that 68% of households in NI are reliant upon home heating oil to heat their homes, and this number rises to 82% in rural areas.³⁴ As previously mentioned, the market for home heating oil market is highly unregulated and is unprotected from any price mechanisms. Although every household in Northern Ireland received an additional £200 of support given their high dependency on heating oil, this came months after prices for heating oil peaked. Northern Ireland's significant dependency on home heating oil and the lack of regulation of the market meant that most households in Northern Ireland had already endured months of drastic and persistent price increases.

With the Northern Ireland Assembly not sitting, and a seeming lack of awareness or real interest in mainstream UK policy circles about the situation in Northern Ireland, its citizens' experience of the energy crisis has gone largely unnoticed outside of its borders. While heating oil prices have fallen to a level far closer to what they were prior the energy crisis, the continued lack of regulation in the market, or longer-term plans to make Northern Ireland more energy secure, means that it remains uniquely vulnerable to future price shocks.



34 Fuel Poverty Coalition (2011). Briefing for New Stormont Executive and Assembly. Available at: http://www.niassembly.gov.uk/globalassets/documents/social-dev/fuel-poverty/briefing_paper.pdf

Wider cost of living pressures across Northern Ireland

While fuel has been a distinct and unique driver of vulnerability to rising prices in Northern Ireland, particularly in rural communities that are far more dependent on home heating oil, other factors have shaped the experience across different areas. For instance, Figure 19 shows that Belfast has both the highest rates of child poverty and housing costs in Northern Ireland, whereas in Derry City and Strabane, home to the second largest city in Northern Ireland, Derry, vulnerability is driven largely by food insecurity, economic inactivity, and a high claimant count.

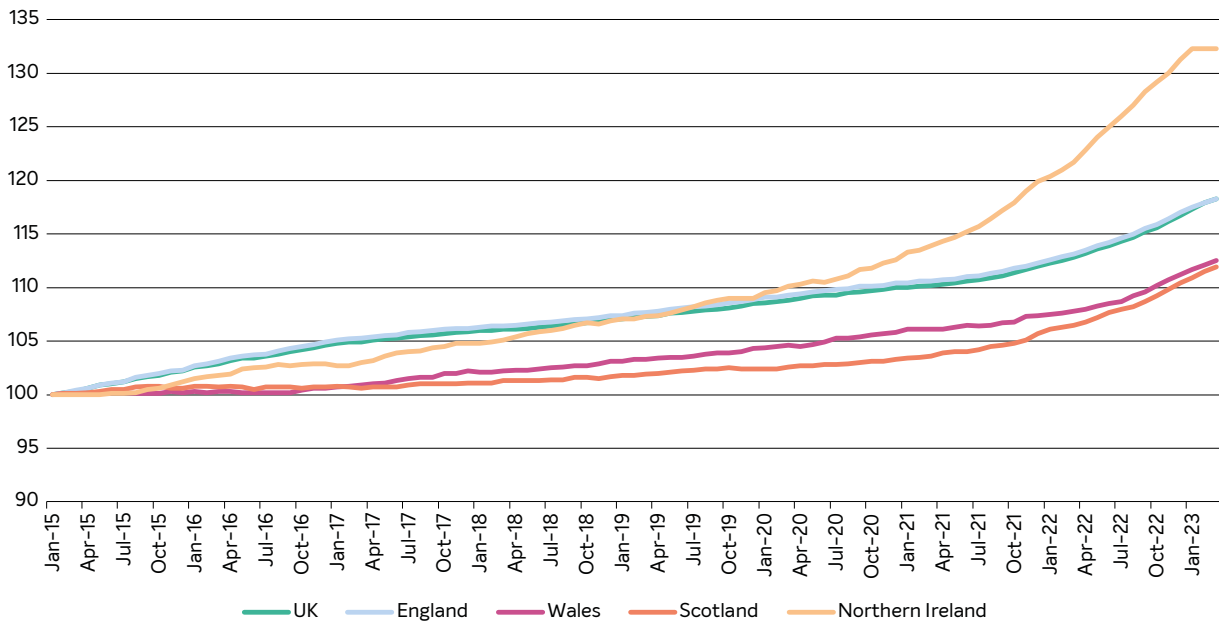
Figure 19: Heat Map of Vulnerability Indicators across Northern Irish Local Authorities, excluding Fuel Poverty

Local Authority	Food Insecurity	Child Poverty	Claimant Count	Low Pay	Economic Inactivity	Housing Costs
Derry City and Strabane	13.19%	23.39%	5.0%	15.5%	32.0%	34.72%
Mid Ulster	11.57%	21.19%	2.3%	16.1%	27.3%	28.95%
Antrim and Newtownabbey	8.25%	19.02%	2.6%	10.4%	24.0%	31.11%
Fermanagh and Omagh	10.44%	22.24%	2.5%	15.3%	25.1%	29.11%
Causeway Coast and Glens	6.36%	22.69%	3.3%	9.9%	30.0%	31.10%
Mid and East Antrim	11.64%	20.18%	3.2%	12.7%	25.1%	33.10%
Belfast	5.01%	24.31%	4.3%	15.8%	29.7%	45.48%
Armagh City, Banbridge and Craigavon	10.11%	21.67%	2.9%	10.3%	25.9%	34.38%
Ards and North Down	7.13%	18.36%	2.8%	13.6%	23.6%	41.94%
Lisburn and Castlereagh	5.14%	15.89%	2.0%	19.3%	21.6%	35.68%
Newry, Mourne and Down	10.36%	24.30%	3.1%	15.5%	29.0%	34.99%

Northern Ireland's rental market has also become the most overheated of the four nations of the United Kingdom, with rental prices having increased far more in Northern Ireland than in England, Wales, and Scotland since 2015 – a trend that increased with the cost of living crisis. Private rents across Northern Ireland rose by 9.9% between March 2022-March 2023, compared to 4.6% in England, 4.4% in Wales, and 5.1% in Scotland.³⁵

35 <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/april2023>

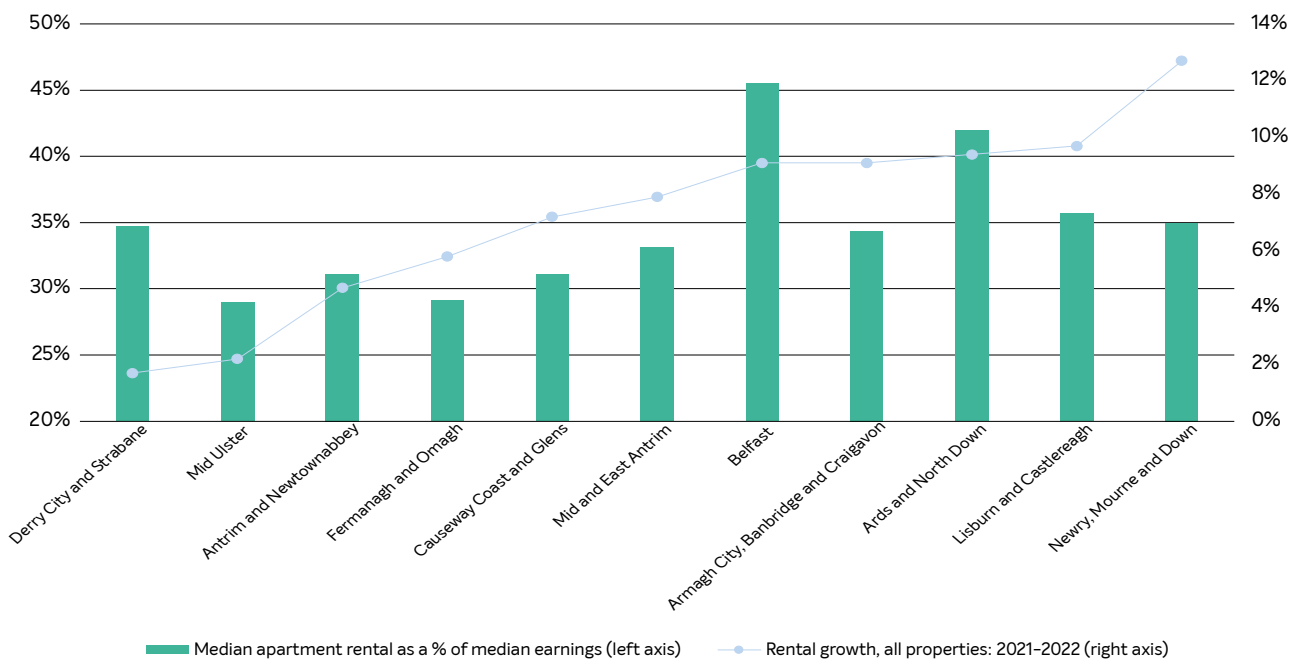
Figure 20: Index of private housing rental prices indices for countries of the UK



Source: ONS Index of Private Housing Rental Prices: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/previousReleases>
 Notes: Index values (January 2015 = 100)

This increase varies substantially across areas within Northern Ireland. Figure 21 shows that during 2021-2022, rental prices grew at significantly different rates across local authorities in Northern Ireland, with a low of just 1.7% in Derry City and Strabane, to a high of 12.7% in Newry, Mourne and Down. That said, only Derry City and Strabane and Mid Ulster saw rental prices increase by less than 5%.

Figure 21: Private rented sector housing costs as a proportion of local incomes and recent rental market growth, Northern Irish local authorities



Source: CPP analysis of Ulster University, Performance of the Private Rental market in Northern Ireland (2022): <https://www.nihe.gov.uk/getattachment/56b0a328-6754-4b5e-8d00-8d7c38a975bd/performance-private-rental-market-NI-January-June-2022.pdf>

While we lack comprehensive local data on mortgage vulnerability for Northern Ireland, we do have information for Belfast which indicates 15% of mortgages taken out since 2018 have a high loan-to-income ratio. While this is a lower proportion of mortgage owners relative to what we have seen across different areas of Wales, this figure represents a substantial number of households (3,042) which is only smaller than Edinburgh (4,432) and Cardiff (3,742) when compared with other local areas across the devolved nations.³⁶



36 Data comes from the Financial Conduct Authority (FCA), Information on loans for Residential home purchases 2018 – 2021. Obtained via Freedom of Information Act Request from Neal Hudson, and first used here: <https://builtplace.com/market-commentary-october-2022/#ti>

Policy recommendations



Like most governments, the devolved governments of the UK have largely focussed their efforts in response to rising living costs on providing direct support to households, including targeting support towards lower-income and otherwise vulnerable households. Financial support offered directly to many struggling households will have helped them absorb some of the blows to their living standards over the past 18 months. But little policy attention or resource has been made available to support local authorities to tackle the specific pressures facing their communities.

1. More flexible funding for places to use how they see fit

Where devolved governments have offered financial support to local authorities, this has generally been done to provide council tax relief, rather than to provide flexible funding to tackle challenges which conventional household support mechanisms may not be able to reach. For instance, in 2022 the Welsh Government introduced a £152m package of measures to help local authorities deliver support to their communities, but just 16% (£25m) of this was discretionary funding for councils to allocate themselves, while the remainder was for council tax relief.³⁶ A similar approach was adopted by the Scottish Government, which last year spent £351m on council tax reductions but did not allocate any funding to local authorities to use at their own discretion.³⁷ The Northern Irish Assembly, meanwhile, has been inactive throughout the entirety of this crisis.

This represents a point of difference between the devolved nations and England, which has a Household Support Fund (HSF) which has been disseminated across English local authorities. Although the HSF initially carried spending guidelines that limited how money should be spent and which groups should be targeted, the fund has since been reformed so that it is completely unringfenced, with local authorities having total autonomy to direct funding as they see fit to tackle pressures faced in their areas.

Recommendation 1: Future cost of living funds delivered through local authorities should provide far greater flexibility for councils to allocate funds at their discretion, particularly to tackle challenges that household-level support schemes administered via the UK or devolved governments are not able to reach.

2. Improved data collection to better support targeted interventions

Providing local authorities with additional funding to tackle the cost of living crisis in their areas would undoubtedly help. But delivering an effective response to any crisis, particularly a multifaceted and evolving one such as this, requires a deep understanding of the local economic context, where pressures are likely to be felt, and how evolving circumstances may change this over time, in order to allocate funding as effectively as possible.

Local authorities and their partner organisations such as local anchor institutions and the local voluntary, community, and social enterprise (VCSE) sector, are well versed in the particular circumstances and challenges that their areas will face as a crisis develops. But many of the

³⁶ <https://www.gov.wales/cost-living-support-scheme-guide-local-authorities-html>

³⁷ <https://www.gov.scot/news/cost-of-living-support-1/>

datapoints used in this report, which could help to further pinpoint areas or challenges that may require more targeted support, are vastly outdated. Local area fuel poverty data predates the energy crisis across all the devolved nations. And while the food insecurity indicator used in this report is not official data and was produced instead by a team of academics in its absence, it also predates the crisis. Similarly, while parallels can be drawn across the geographical similarities in parts of the devolved nations, each nation often uses different definitions for different datapoints which makes it difficult to directly compare areas.

Recommendation 2: The governments and statistical agencies of the devolved nations should all work to urgently update local area poverty statistics and commit to producing them on a more regular basis, as well as working collectively to better align different definitions of poverty to support comparisons across borders.

3. Better data sharing within places to help local leaders understand the challenges facing their communities

While improved data would be a welcome step forward in helping local authorities to view a broad snapshot of their own vulnerabilities, there is also a need to support greater collection and sharing of relevant data within areas. Cuts to local authority budgets over recent years have heavily constrained resources, placing greater importance on partnership working within local areas with other actors such as anchor institutions and the VCSE sector, to pool and co-ordinate resources.

Conversations with various local leaders over the course of CPP's ongoing research programme on the cost of living crisis have persistently revealed frustrations over the difficulties in developing data-sharing agreements. Effective data-sharing would improve understanding of the local environment and would enable local leaders to make more informed decisions about which interventions would best support those most in need in their communities.

This same frustration was echoed among colleagues across the devolved nations. Complexities around sharing restricted and secure access data between partners – particularly household-level and real time data – was felt to have inhibited their ability to identify risk and target support towards particular households or micro-geographic areas within their authorities.

Recommendation 3: The devolved governments should each work to develop new legal frameworks for the development of subnational data-sharing agreements, specifically for local authorities and their partner organisations who are working to develop crisis interventions.

4. Spatial analysis to identify areas that universal or targeted support may miss

The lack of attention paid to communities dependent on alternative fuel sources when designing energy support schemes reveals how early policy interventions in the crisis did not properly account for varying experiences in different places. In Northern Ireland, which has such a high

dependence on heating oil, difficulties in administering support as a result of the Northern Ireland Assembly not sitting meant that every single household in Northern Ireland was given the £200 Alternative Fuel Payment, even households with no dependence on alternative fuels. It can be argued that that in moments of crisis, it is better to issue universal support to ensure help gets to those who need it at pace. Yet our analysis reveals distinct spatial patterns of vulnerability, highlighting areas where household level support schemes are highly unlikely to have been able to provide adequate support to vulnerable households in areas facing unique challenges. This means that while some household-level support schemes are universal in their monetary offer, their impact on alleviating financial pressures is far from universal across different communities.

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There is a need to better account for spatial patterns of vulnerability when designing crisis interventions. Such analyses already take place to measure the impact of different policies across the income scale, for instance, as well as different demographic groups. But as it stands, there is no obligation for governments at any level to conduct spatial analyses. Doing so would help policymakers identify potential pitfalls in their support schemes where particular communities may disproportionately lose out relative to their need, and design appropriate mechanisms to help target support towards these communities.

Recommendation 4: The UK and devolved governments should conduct spatial analyses when designing support packages for crisis interventions, to identify potential areas where both universal and targeted funding schemes do not provide adequate support relative to need.

Appendix 1: Data sources for CPP vulnerability indicators



Indicator name	Wales	Scotland	Northern Ireland
Fuel Poverty	Welsh Housing Conditions Survey (WHCS) 2017-18: https://www.gov.wales/sites/default/files/statistics-and-research/2020-03/welsh-housing-conditions-survey-whcs-2017-18-local-area-fuel-poverty-estimates-modelling-and-results-summary-071.pdf	Scottish House Condition Survey: Local Authority Analysis 2017-2019: https://www.gov.scot/publications/scottish-house-condition-survey-local-authority-analysis-2017-2019/documents/	National Energy Action Northern Ireland, LucidTalk: Omnibus Poll Results Report (2022): https://www.nea.org.uk/publications/lucidtalk-nea-ni-ni-wide-omnibus-poll-
Food Insecurity	The University of Sheffield: Adult food insecurity at Local Authority scale (2021): https://www.sheffield.ac.uk/research/food-insecurity	The University of Sheffield: Adult food insecurity at Local Authority scale (2021): https://www.sheffield.ac.uk/research/food-insecurity	The University of Sheffield: Adult food insecurity at Local Authority scale (2021): https://www.sheffield.ac.uk/research/food-insecurity
Child Poverty	End Child Poverty Coalition, Loughborough University – Local child poverty rates, after housing costs (2023): https://endchildpoverty.org.uk/child-poverty/	End Child Poverty Coalition, Loughborough University – Local child poverty rates, after housing costs (2023): https://endchildpoverty.org.uk/child-poverty/	End Child Poverty Coalition, Loughborough University – Local child poverty rates, after housing costs (2023): https://endchildpoverty.org.uk/child-poverty/
Claimant Count	ONS, Local labour market indicators by unitary and local authorities in Great Britain (2023): https://www.ons.gov.uk/	ONS, Local labour market indicators by unitary and local authorities in Great Britain (2023): https://www.ons.gov.uk/	Northern Ireland Statistics and Research Agency (NISRA), Claimant count by Local Government District (2023): https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/claimant-count
Economic Inactivity (Working-Age Population)	ONS, Local labour market indicators by unitary and local authorities in Great Britain (2023): https://www.ons.gov.uk/	ONS, Local labour market indicators by unitary and local authorities in Great Britain (2023): https://www.ons.gov.uk/	CPP analysis of Labour Force Survey (2022): https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/labour-force-survey
Low Pay	CPP analysis of Annual Survey of Hours and Earnings (2022): https://www.ons.gov.uk/	CPP analysis of Annual Survey of Hours and Earnings (2022): https://www.ons.gov.uk/	Northern Ireland Statistics and Research Agency (NISRA) analysis of Annual Survey of Hours and Earnings (2022), compiled for CPP by Brian Grogan, contactable at: brian.grogan@nisra.gov.uk
Housing	CPP analysis of Welsh Government, Private Sector rents (2019): https://www.gov.wales/private-sector-rents-2019	CPP analysis of Scottish Government, Private Sector Rent Statistics (2022): https://www.gov.scot/publications/private-sector-rent-statistics-scotland-2010-2022/documents/	CPP analysis of Ulster University, Performance of the Private Rental market in Northern Ireland (2022): https://www.nihe.gov.uk/

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All errors and omissions in the report are the responsibility of the authors.

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