

Rising Cost of Living in Norfolk

September 2022

Contents

Summary of Findings	3
What is driving the cost of living crisis?	4
What is the effect across the UK?	6
Who in Norfolk is likely to be affected?.....	10
<i>Universal Credit.....</i>	<i>10</i>
<i>Lower Income-Households.....</i>	<i>12</i>
<i>Housing Tenure.....</i>	<i>14</i>
<i>Education.....</i>	<i>16</i>
<i>Parents of Dependent Children.....</i>	<i>17</i>
<i>Lone Parents.....</i>	<i>18</i>
<i>Divorced/Separated Adults.....</i>	<i>19</i>
<i>Disabled Adults.....</i>	<i>20</i>
<i>Absolute Poverty.....</i>	<i>20</i>
<i>Other Cohorts.....</i>	<i>21</i>
<i>Students.....</i>	<i>23</i>
What support has the Government announced?.....	23
Statement on Data	24
Appendix A.....	25
Appendix B.....	27

Summary of Findings

The following people have the potential to be most affected by a rise in the cost of living in Norfolk. These group sizes are estimates based on findings from the Office for National Statistics (ONS) Opinions and Lifestyle Survey (May 22). The actual impact of the rising cost of living may differ as it is not possible to ascertain the precise impact on individuals owing to unknown personal circumstances that may protect some individuals within these cohorts from the worst of the impact. The categories described won't be unique individuals or distinct categories as individuals can and will fall into multiple categories. The overlap between these cohorts is unknown.

Individuals:

- [68,000 UC claimants](#)
- [45,000 disabled adults](#)
- [19,000 individuals with no qualifications](#)
- [47,000 divorced or separated individuals](#)
- [91,000 individuals living in the 20% most deprived areas](#)

Households:

- [57,500 renting households](#)
- [95,000 households with dependent children](#)
- [33,000 households belonging to some middle-income cohorts](#)

In terms of what the rising cost of living could mean for Norfolk in broader terms, based on recent comments by the former Chancellor of the Exchequer, Nadim Zahawi regarding those earning less than £45,000, it could be estimated that:

- between **500,000 - 600,000** Norfolk residents aged 16 and above could potentially be impacted by the rising cost of living.
- **123,000** 0-15 year olds in Norfolk. See [Appendix B](#).

Summary of Updates:

This briefing serves as an updated version of the cost of living briefing paper produced by NODA in June 2022. Where possible and appropriate, this document consists of updated data to give the most up to date picture possible.

Revisions from the previous edition include:

- Updates to contextual information: [Road fuel prices, inflation](#), and the [social housing rent increase cap currently under consideration](#)
- Additional contextual information from [Citizens Advice regarding trends in assistance type and volume in England and Wales](#)
- Updates to Norfolk [Universal Credit claimant count](#) to reflect the most recent figures available, including claimant count split by employment status

- Updates to potentially affected cohort sizes following newly published ONS data
- Additional comparator data: [housing tenure](#), [education level](#), number of households with [dependent children](#), [divorced/separated individuals](#), and those with [disabilities](#).
- Additional contextual information regarding [lone parents](#) and [students](#)
- Additional analysis addressing the potential impact on Norfolk residents earning [less than £45,000](#) in light of recent comments made by the former Chancellor of the Exchequer

Introduction and Background

In May 2022, the House of Commons Library published a “Rising Cost of Living in the UK”¹ research briefing, outlining the implications of rising inflation, rising fuel prices and rising energy prices on the ability to cover basic household expenses across the UK. This briefing will address the key learnings of this research summary and will consider the potential repercussions on Norfolk and its residents.

What is driving the cost of living crisis?

A cost of living crisis can be described as a situation in which the cost of everyday essentials such as groceries and bills are rising faster than average household incomes².

In September 2021, Central Government announced a temporary 1.25% increase in National Insurance Contributions (NICs) for all working age employees, their employers and the self-employed to finance health and social care across the UK. This temporary increase is due to be replaced by a separate 1.25% Health and Social Care levy in April 2023 to finance the “Build Back Better”³ Health and Social Care plan.

In February 2022, it was announced by Britain’s energy regulator Ofgem that the energy price cap would increase by 54%⁴, and in effect increase maximum charges per unit of energy and increase maximum standing charges for consumers on standard/default tariffs. This change also took effect in April 2022. In October 2022, this price cap is due to increase once more, however following the “Energy Price Guarantee” announced by central government, the typical household can reportedly expect to pay an average of £2500 per year from the 1st of October 2022 until October 2024⁵.

These changes are reported to compensate for increased wholesale energy prices. Increases in energy and fuel prices are also being influenced by political tensions in

¹ [“Rising Cost of Living in the UK”, House of Commons Library, May 2022](#)

² [Cost of living crisis: 5 ways prices have risen - and where to find help - The Big Issue](#)

³ [Build Back Better: Our Plan for Social Care](#)

⁴ <https://www.ofgem.gov.uk/publications/price-cap-increase-ps693-april>

⁵ [Energy Bill Support Factsheet, Department for Business, Energy and Industrial Strategy, September 2022](#)

Ukraine. Since Russian activity began in the area in February 2022, wholesale oil prices have increased and is in turn having an adverse effect on road fuel prices for consumers. For example, as of the first week of September 2022, the cost of petrol stands at £1.68 per litre, an increase of 34.2 pence from a year prior. Similarly, the cost of diesel stands at £1.82 per litre, an increase of 45.6 pence during the same period⁶.

Furthermore, research conducted by the London School of Economics (LSE) indicates that the UK's departure from the EU has led to a 6% increase in food prices in the UK, also contributing to the current rising cost of living. This increase was attributed to an increase in UK-EU trade barriers post Brexit and subsequent alterations to supply chains⁷.

High demand for goods, higher energy prices and greater business costs has driven up the inflation rate in the UK to a 40-year record high. According to the Office for National Statistics (ONS) the rate of inflation, as measured by the Consumer Price Index (CPI), rose by 10.1% in the 12 months to July 2022, up from 9.4% in June.⁸ See figure 1 for historical CPI change over the last decade.

Figure 1: Historical Changes to Consumer Prices Index



Source: Office for National Statistics, ONS, Consumer Price Inflation, August 2022

For the 2022/23 financial year, the Office for Budget Responsibility (OBR) forecast CPI inflation to average 8%. These forecasts assume a further 40% increase in the household energy price cap in October 2022 but does not include possible effects

⁶ [Weekly Road Fuel Prices, Department for Business, Energy and Department Strategy, September 2022](#)

⁷ [Post-Brexit imports, Supply Chains, and the Effect on Consumer Prices, April 2022](#)

⁸ [Consumer Price Inflation, Office for National Statistics, May 2022](#)

from the conflict in Ukraine on other commodity prices, such as food. Using market expectations of wholesale gas prices, the OBR then expects a large fall in utility bills in 2023, resulting in inflation easing below the Bank of England's 2% target by late 2023 and into 2024^{9,10}.

The House of Commons Library also identified changes to personal taxes in the 2022/23 financial year. For instance, as part of their Spring Statement the Treasury announced that the annual National Insurance Primary Threshold and Lower Profits Limit would be raised from £9,880 to £12,570¹¹, in turn allowing those on lower incomes to earn more money that is exempt from taxation.

However, for some low-income households, this may not be enough to relieve the burden of heightened living costs. For instance, the start of the 2022/23 financial year saw a 3.1% increase in Universal Credit (UC) payments¹², but fell 5.9% short of the 9% inflation rate in place at the time. Because of this mismatch, low-income households that are dependent on welfare benefits such as UC may still feel pressure on their budgets.

In the final week of August 2022, it was reported by the ONS that around 9 in 10 adults (91%) have reported an increase in their cost of living over the previous month. Similarly, around 81% of adults reported feeling very or somewhat worried about rising cost of living within the last two weeks. Of those that reported an increase in their living expenses, the most reported reasons were an increase in the price of food shopping (96%), gas or electricity bills (79%) and the price of fuel (71%).¹³

Overall, the cost of living crisis that the UK is currently experiencing is being fuelled by numerous events occurring in quick succession, in turn having a cumulative and adverse effect on household budgets.

What is the effect across the UK?

Data provided by Citizens Advice (CA) regarding changes to issues faced by service users may provide some insight into the impact of cost of living increases. For example, CA reported a change in the top debt issues experienced by its clients. In the 2019-20 financial year the most common debt issues facing people in England and Wales were largely council tax and rent arrears. However, overtime this has gradually shifted towards energy debt becoming the most prominent debt issue faced, see figure 2.

⁹ ["Rising Cost of Living in the UK", House of Commons Library, May 2022](#)

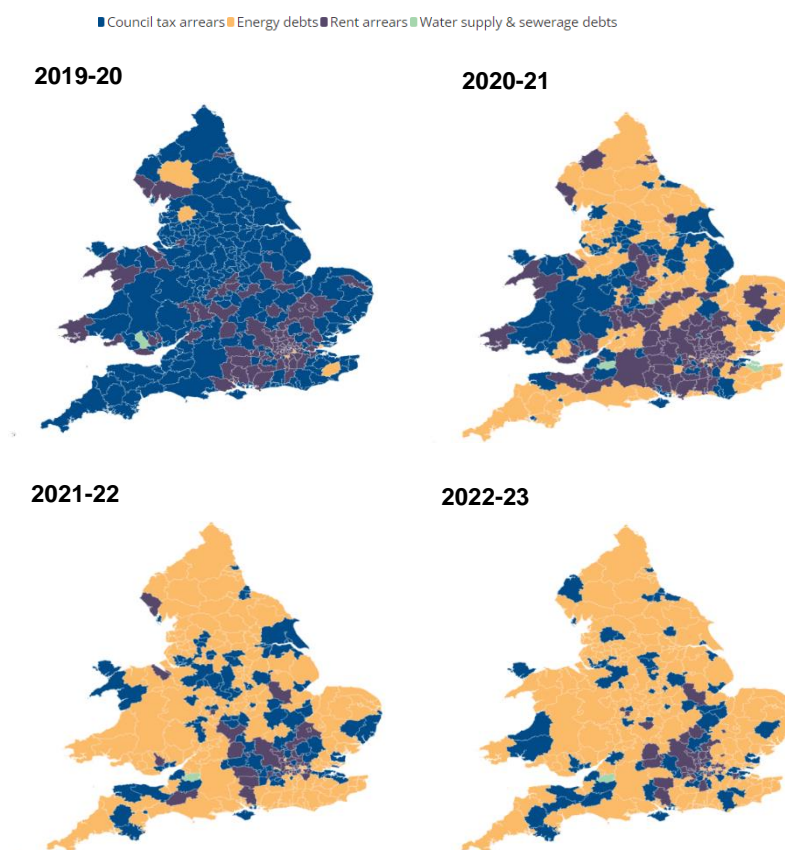
¹⁰ [Office For Budget Responsibility, Economic and Fiscal Outlook, March 2022](#)

¹¹ [Spring Statement: Personal Tax Factsheet, HM Treasury, March 2022](#)

¹² [Benefit and Pension Rates 2022-2023, Department of Work and Pensions, April 2022](#)

¹³ [Public opinions and social trends, Great Britain: 17 to 29 August 2022, ONS](#)

Figure 2: Most Prominent Debt Issue by Local Authority

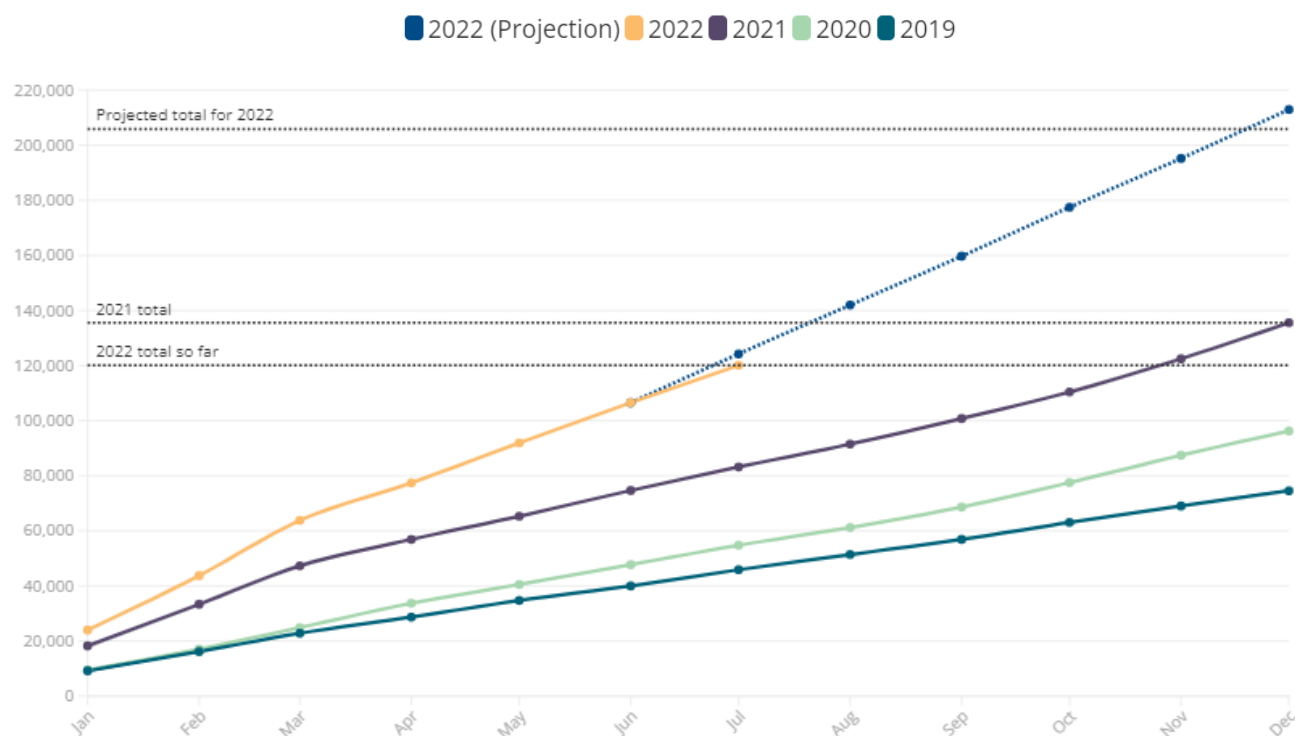


Source: Citizens Advice, Cost of Living Dashboard (September 2022)

Furthermore, in terms of the cumulative number of people in England and Wales who have received crisis support (either referral to a foodbank or other charitable support), there has been a year-on-year increase in assistance since 2019.

As of July 2022, approximately 120,000 people have received crisis support from CA in England and Wales so far in 2022. This is approximately 37,000 more individuals than were assisted by July 2021. In addition, in 2021 approximately 135,000 individuals were provided with crisis support meaning that the number of individuals assisted in 2022 so far is only around 15,000 individuals short of the 2021 total. CA currently anticipate that by the end of 2022 approximately 213,000 individuals will have received crisis support. This would reflect an additional 199,500 assisted individuals compared to 2021, provided the actual outcome follows the projected trend.

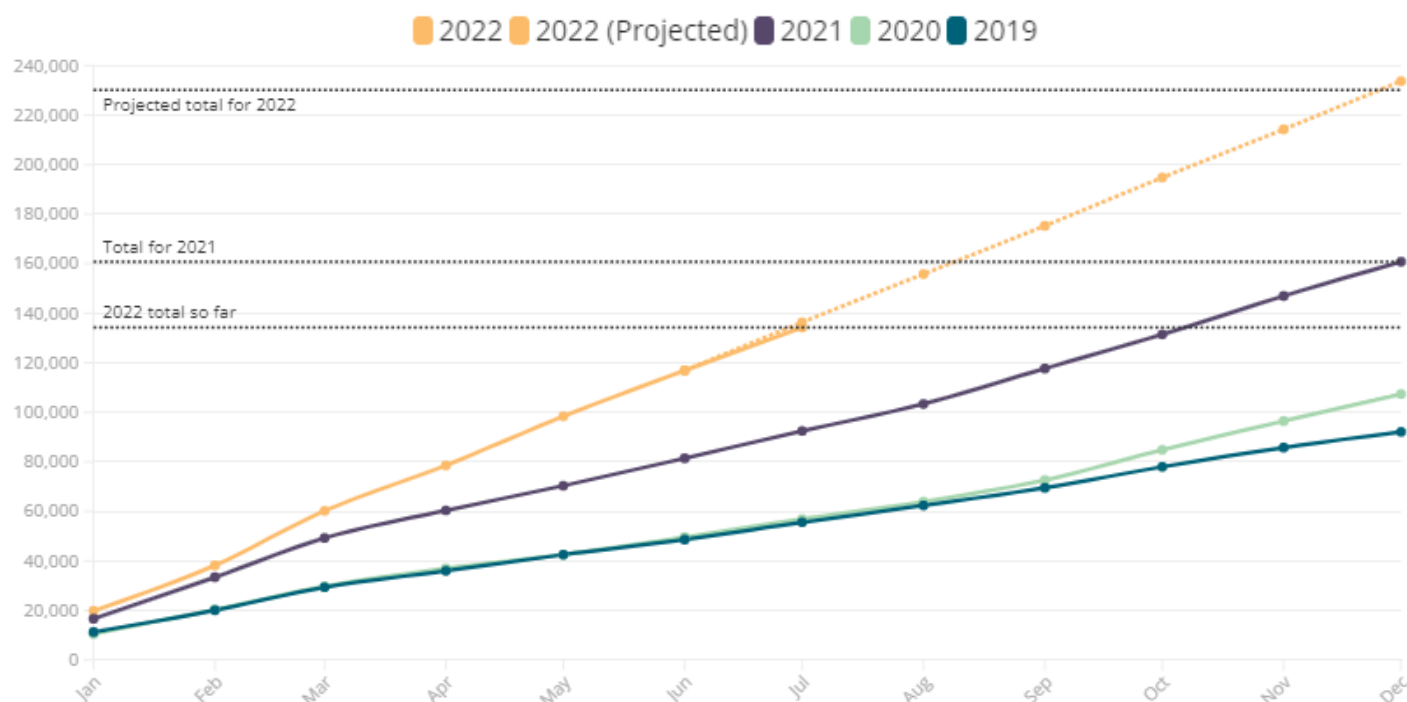
Figure 3: Cumulative Number of Individuals Receiving Crisis Support from Citizens Advice in England and Wales 2019-2022



Source: Citizens Advice Cost of Living Dashboard (September 2022)

Returning to the issue of energy related assistance, CA also reported that 2022 has seen the highest number of individuals seeking assistance with their energy since 2019. In this instance, assistance can refer to help with a range of issues including energy bill affordability, debt recovery action, issues with billing and customer service. As of July 2022, approximately 134,000 individuals in England and Wales have received support with energy related issues. This reflects an additional 41,500 individuals assisted for energy related issues compared to the same time in 2021. CA project that by the end of 2022 approximately 233,700 individuals in England and Wales will have been assisted with energy related issues. Provided actual trends follow these projections, this would mean that an additional 72,900 individuals will have been assisted for energy related issues in 2022 than in 2021.

Figure 4: Cumulative Number of Individuals Assisted with Energy Related Issues by Citizens Advice in England and Wales 2019-2022



Source: Citizens Advice Cost of Living Dashboard

The “Rising Cost of Living in the UK” research briefing produced by the House of Commons Library outlines the primary consequences of the rising cost of living.

The impact of the cost of living crisis on poverty in the UK was also noted. According to the Resolution Foundation the rising cost of living could push an estimated additional 1.3 million people into absolute poverty across the UK¹⁴.

Conversely, it is not only low-income households who are incurring additional expenses. The House of Commons research briefing also acknowledged that 83% of adults across the country reported increases in living costs. This research from the ONS used data from the Opinions and Lifestyle Survey to look at trends in the perceived cost of living and uses affordability of an unexpected expense as a measure of financial vulnerability to identify groups that may be most at risk because of individual circumstances.

Adults taking part in the OPN were asked about their financial situation, including if their cost of living has changed in the past month and if their household could afford to pay an unexpected, but necessary, expense of £850. These measures can be used to identify groups that may be experiencing a rise in their cost of living and may struggle financially as a result.

¹⁴ [Resolution Foundation, Press Release, March 2022](#)

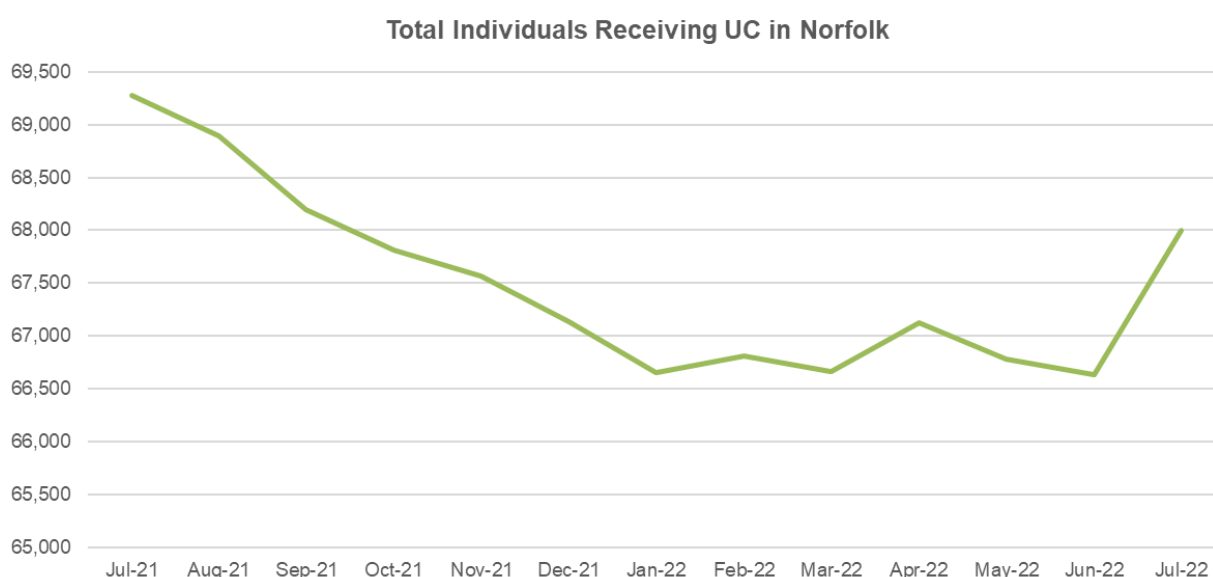
In addition to adults on low-incomes, renters, adults with no formal qualifications, parents of dependent children, divorced/separated individuals and people with disabilities were also identified as more likely to be affected by increases in the cost of living¹⁵.

Who in Norfolk is likely to be affected?

Universal Credit

As previously stated, it is thought that the cost of living crisis will have the most profound impact on the most vulnerable in society – particularly those relying on welfare benefits. As of July 2022, there were approximately 68,000 universal credit claimants in Norfolk. Historically, the period between July 2021 and January 2022, saw a gradual decline in the number of individuals receiving universal credit in Norfolk. However, the start of the new financial year (April 2022) did see a slight uptick in claims. A significant increase in universal credit claims can also be seen between June and July 2022 (an increase of approximately 1,200 claims). However, it should be noted that the July figures are currently only provisional and may be subject to change. Figure 6 below depicts these claimant counts in terms of the number of claimants who are employed and those not in employment. As of June 2022, there were around 66,600 universal credit claimants, of which approximately 37,000 were not in employment and 29,600 were employed. Please note that the split of unemployed and employed claimants is currently available up to June 2022.

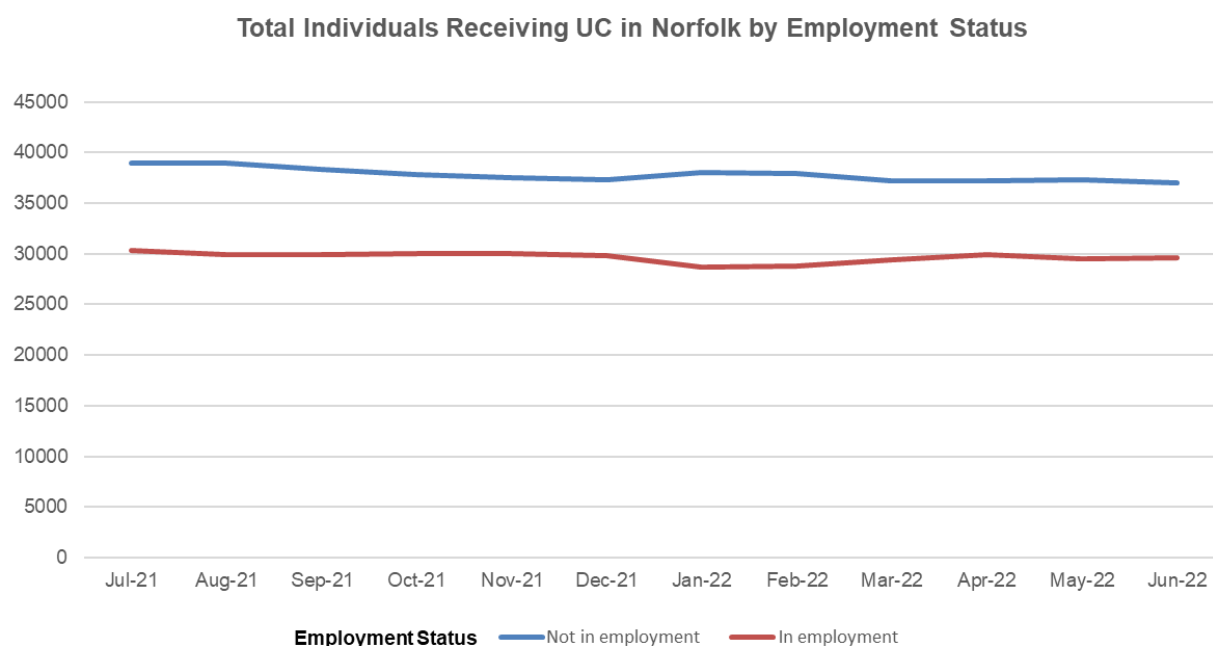
Figure 5: Historical Universal Credit Claimant Trends



Source: Department for Work and Pensions

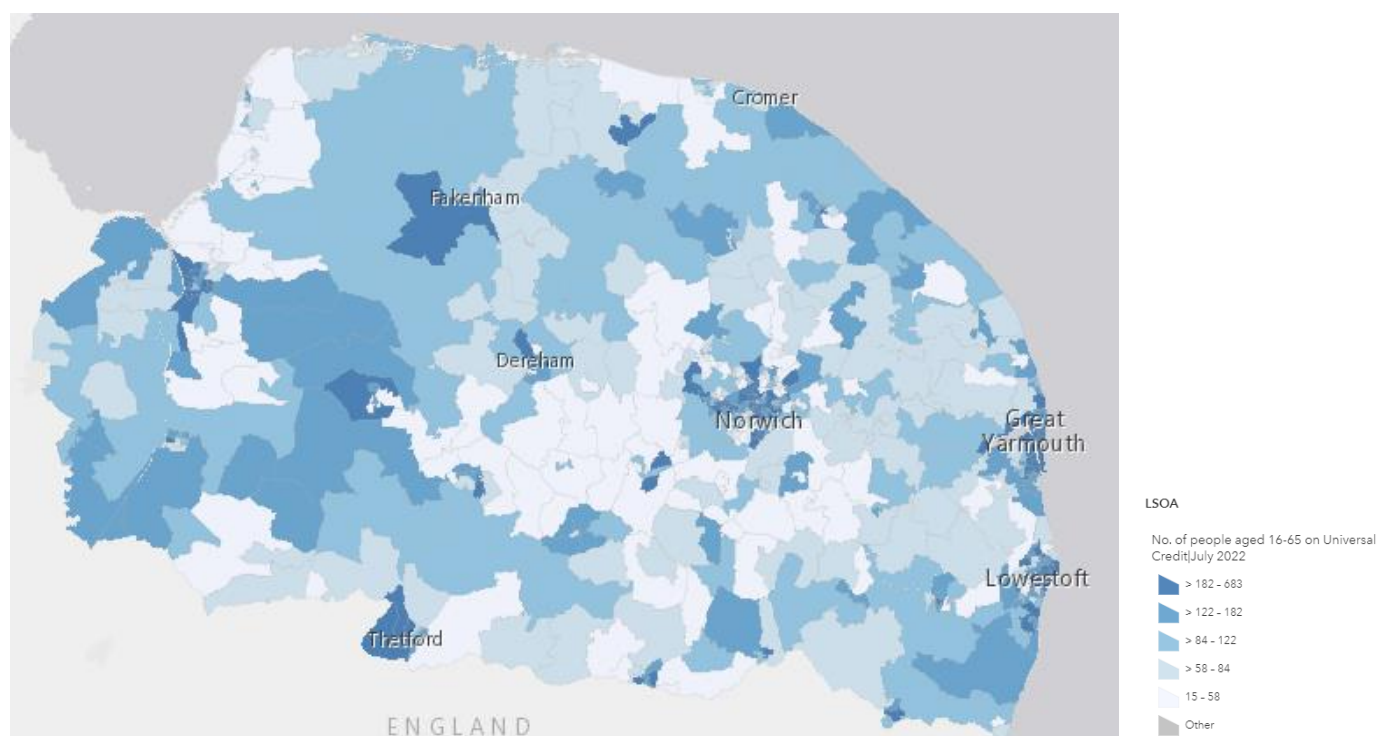
¹⁵[Office for National Statistics, Impact of increased cost of living on adults across Great Britain: November 2021 to March 2022](#)

Figure 6: Historical Universal Credit Claimant Trends



Source: Department for Work and Pensions

Figure 7: Number of People Aged 16-65 Claiming Universal Credit (July 2022)



Source: Department for Work and Pensions, Map extracted from Norfolk Insight

In terms of the impact of the benefit shortfall on individuals, UC claimants in Norfolk will likely be more negatively impacted than they would have been if Universal Credit payments had been increased in line with the rate of inflation.

For example, the standard allowance for a UC claimant who is both single and under the age of 25 in the 2021-22 financial year was around £257 per month. Had UC payment increases for 2022-23 been aligned with inflation, this claimant could have been entitled to around an estimated £280 per month (£3,360 per year). However, given the 5.9% disparity between inflation and benefit increases, this claimant would now only be entitled to around an estimated £265 per month (£3,180 per year), potentially leaving them around an estimated £182 worse off per year. Figure 8 below provides further example estimates for other standard UC allowances.

Figure 8: Differences in Standard Allowances for Universal Credit Payments

	Monthly Allowance 2021-22 (£)	Monthly Inflation Aligned Allowance (£)	Monthly Allowance 2022-23 (£)	Difference per month (£)	Difference per year (£)
Single and Under 25	257.00	280.00	265.00	-15.00	-182.00
Single and Over 25	325.00	354.00	335.00	-19.00	-230.00
Joint Claimants Both Under 25	404.00	440.00	416.00	-24.00	-286.00
Joint Claimants One or Both Over 25	510.00	556.00	526.00	-30.00	-361.00

*Figures have been rounded and therefore may not total

Source: Benefits and Pensions Rates 2022-23, Department for Work and Pensions

It should be acknowledged that the above only reflects estimated differences to the Standard UC Allowance, changes to additional UC benefits have also been made (see Appendix A for estimates for other UC benefit types).

Lower Income-Households

According to the ONS, lower income groups were found to be some of the most likely to report that their household could not afford an unexpected expense. It was reported that adults with an annual income below £20,000 were eight times more likely to report not being able to afford an unexpected expense compared to adults with an annual income of £50,000 or more. Adults in all other income groups below £50,000 were also significantly more likely to report that they could not afford an

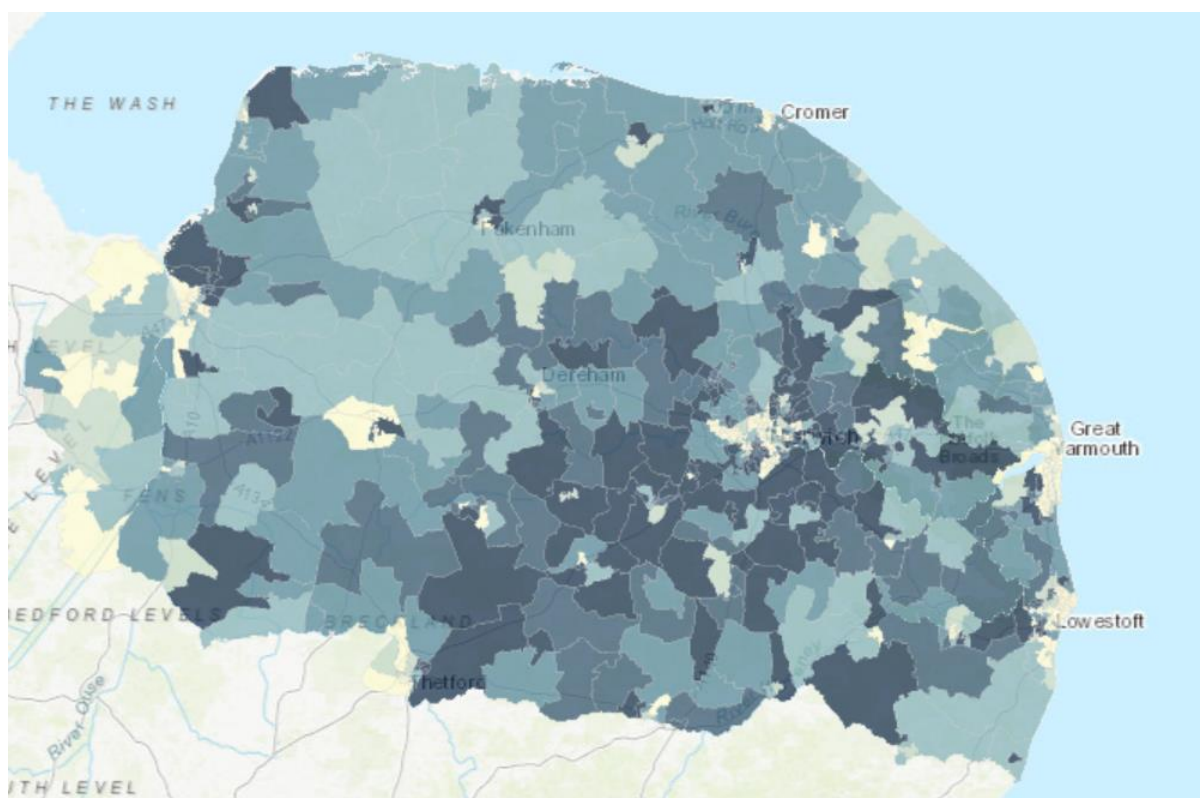
unexpected, but necessary, expense of £850 than adults with an income of £50,000 or more per year¹⁶.

In 2021 the median annual income in Norfolk was around £29,000. For comparison, the median annual income for the whole of England was around £31,500¹⁷

According to the Index of Multiple Deprivation (IMD, 2019), around 91,000 adults in Norfolk (around 12% of the 18+ population) live in LSOAs (Lower Super Output Areas) which fall within the 2 most deprived deciles on the Income domain of the IMD¹⁸. Meaning that around 91,000 people live in the 20% most deprived areas in the county.

Figure 9 depicts Norfolk's LSOAs according to their respective decile on the income domain of the IMD. Darker areas represent deciles of less deprivation. Conversely, lighter areas represent the more deprived LSOAs.

Figure 9: Norfolk and Waveney LSOAs by Income Decile



Source: IMD Income Decile - LSOA (2019), Map extracted from [Norfolk Insight](#)

¹⁶[Office for National Statistics, Impact of increased cost of living on adults across Great Britain: November 2021 to March 2022](#)

¹⁷ [Annual Survey of Hours and Earnings \(ASHE\)](#)

¹⁸ [English Indices of Deprivation - Ministry of Housing, Communities and Local Government, 2019](#)

Housing Tenure

According to the ONS, half (50%) of adults who rent their home reported that they could not afford an unexpected, but necessary, expense of £850. In contrast, only 14% of adults who own their property outright reported this.¹⁹

As of 2020, an estimated 115,000 households (around 30% of all households in Norfolk) rent their homes. Around 61,000 households (53%) are estimated to rent from a private landlord and around 54,000 households (47%) are estimated to rent from social housing providers/Local Authorities²⁰. Therefore, it may be estimated that up to approximately 57,500 households in Norfolk who rent their home could be unable to afford an unexpected expense given the ONS' findings above.

Figure 10: Household Estimates by Tenure, 2020

Local authority name	Owned Outright	Owned with Mortgage or Loan	Private Rent	Social Rent	Total Households
Breckland	22,600	16,600	8,900	6,700	54,900
Broadland	25,900	18,500	6,100	4,300	54,800
Great Yarmouth	14,800	10,200	6,400	5,700	37,000
King's Lynn and West Norfolk	28,600	18,600	10,500	7,800	65,600
North Norfolk	24,800	11,600	7,800	5,700	49,900
Norwich	15,400	14,700	13,900	18,100	62,100
South Norfolk	26,200	19,000	7,200	5,900	58,300
Norfolk	158,300	109,100	61,000	54,100	382,600

*Figures have been rounded and therefore may not total

Source: ONS, Subnational estimates of households by tenure

In terms of how Norfolk fairs in comparison to the rest of the East of England region, the proportion of households that rent their home (privately or from a social housing provider) is approximately 0.7% higher in Norfolk compared to the rest of the region. According to these estimates the East of England overall has one of the lowest proportions of renting households in England with only the South East presenting a smaller proportion of renting households. The area with the highest proportion of households that rent their home was London (47.4%). Nationally speaking, the proportion of renting households in England is estimated to be around 33.6%, around 3.5% higher than estimates for Norfolk.

¹⁹ [Office for National Statistics, Impact of increased cost of living on adults across Great Britain: March to June 2022](#)

²⁰ [Office for National Statistics, Subnational estimates of households by tenure, England, 2012 to 2020](#)

Figure 11: Household Estimates by Tenure, 2020

	% Households that rent their homes
North East	35.0
North West	32.6
Yorkshire and The Humber	33.0
East Midlands	30.0
West Midlands	31.9
East of England	29.6
London	47.4
South East	29.3
South West	29.6
Norfolk	30.1
England	33.6

Source: ONS, Subnational estimates of households by tenure

As of the 31st of August 2022, consultations between the department of Levelling Up, Housing and Communities (DLUHC) and social housing providers are underway²¹. The aim of the consultation is to seek opinions and thoughts from social housing providers regarding a proposed future cap on rent increases for those in social housing. These providers include both Private Registered Housing Providers and Local Authority Registered Providers of social housing. Options being considered to combat this are either a 3%, 5%, or 7% increase limit. The introduction of this rent ceiling is proposed to take place from 1st April 2023 to 31st March 2024 and would in turn act as an upper limit on the maximum amount by which Registered Providers of social housing can increase rents in that year. This may in turn bring some financial relief to the estimated 54,000 households living in social housing in Norfolk. The consultation is set to close on the 12th of October 2022.

The Residential Market Survey is a monthly sentiment survey of Chartered Surveyors who operate in the residential sales and lettings markets. The May 2022 edition of the Residential Market Survey²² indicates that in the next 5 years, growth in rents is expected to outpace that for house prices, with the gap widening in recent months. Rents are now anticipated to rise by a little over 5% per annum through to 2027, while price growth projections stand at 4% on the same basis.

In order to combat rising inflation, the Bank of England has chosen to increase interest rates on mortgages and loans with variable rates. Since December 2021, the interest rates set by the Bank of England has increased from 0.1% to 1.5%²³. According to the English Housing Survey, around a third of households in England have a mortgage. Of those, three-quarters have a fixed mortgage, so will therefore not be immediately affected. The rest - about two million people - will see their monthly repayments rise²⁴.

²¹ [Department of Levelling Up, Housing and Communities, Social Rent Cap Consultation Press Release, August 2022](#)

²² [Residential Market Survey, Royal Institution of Chartered Surveyors, May 2022](#)

²³ [Bank of England Knowledge Bank, June 2022](#)

²⁴ [BBC, Interest rates: What are they and how high could they go?](#)

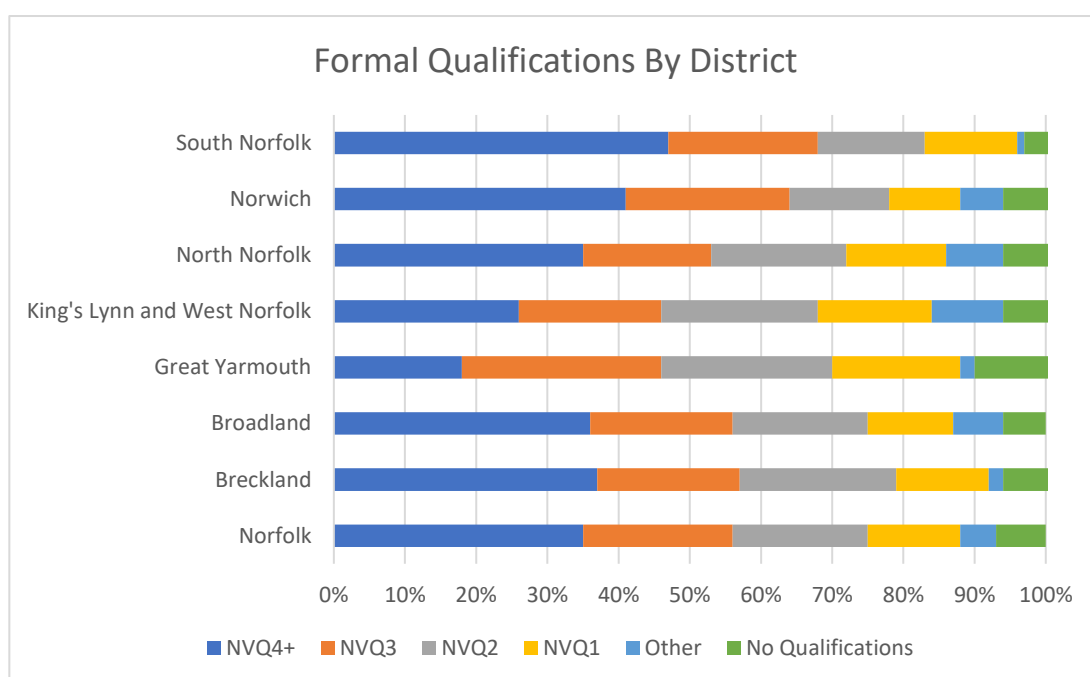
Education

Another subset of people more likely to be vulnerable to the rising cost of living are adults with no formal qualifications. Around a third (36%) of adults with no qualifications and a third (31%) of people educated below degree level reported that their household could not afford an unexpected, but necessary expense of £850 compared with 21% of adults educated to degree level (or equivalent)²⁵.

As of 2020, an estimated 760,000 people in Norfolk were aged 16 and above. According to the Annual Population Survey, approximately 7% of Norfolk respondents aged 16 and above have no formal qualifications²⁶. Therefore, it can be estimated that around 53,000 people in Norfolk have no formal qualifications. Figure 12 depicts the proportion of qualification level for Norfolk and each of its districts.

If there are approximately 53,000 people with no qualifications in Norfolk, then given the assertions made by the ONS above, it can be estimated that up to 19,080 of those without formal qualifications in Norfolk could be unable to afford an unexpected expense in light of the rising cost of living.

Figure 12: Formal Qualifications by District (%)



Source: Annual Population Survey, 2019

For both England as a whole, and for the East of England region, around 6% of the 16+ population are thought to have no formal qualifications. Therefore, in Norfolk the

²⁵ [Office for National Statistics, Impact of increased cost of living on adults across Great Britain: March to June 2022](#)

²⁶ [Annual Population Survey, 2019](#)

proportion of the 16+ population without formal qualifications is around 1% greater than the regional and national level.

Figure 13: Formal Qualifications (%)

	% of 16+ population with no formal qualifications
Norfolk	7.0
East of England	6.0
England	6.0
Cambridgeshire	4.0
Suffolk	6.0
East Sussex	6.0
Warwickshire	4.0
Cumbria	4.0
Cornwall	5.0

Source: Annual Population Survey, 2019

Parents of Dependent Children

Another potentially vulnerable group identified by the ONS' research are parents of dependent children. A greater proportion of parents with dependent children (38% with a dependent child between 0 and 4 years and 37% of parents with a dependent child aged 5 years or over) reported their household could not afford an unexpected expense compared with non-parents or parents not living with a dependent child (26%)²⁷

Recent research conducted by Loughborough University, suggests that families with children are paying up to £400 more per month to meet the cost of basic items such as food, rent and heating. Families with two dependent children were identified as particularly susceptible to these increases. It was reported that families are spending around an extra £120 per month on energy, £90 on transport including petrol and £65 on childcare²⁸.

In Norfolk, there are an estimated 95,000 households with dependent children²⁹. The district presenting the highest number of households with dependent children was King's Lynn and West Norfolk (16.3%). In contrast the district presenting the fewest number of households with dependent children was North Norfolk (9.8%).

²⁷ [Office for National Statistics, Impact of increased cost of living on adults across Great Britain: March to June 2022](#)

²⁸ [Loughborough University, Press Release, May 2022](#)

²⁹ [Office for National Statistics, 2018-based Household Projections for Local Authorities](#)

Figure 14: Estimated number of households by number of dependent children

	Households with one dependent child	Households with two dependent children	Households with three or more dependent children	Total Households with Dependent Children
Breckland	7,500	5,600	2,300	15,400
Broadland	6,300	5,800	1,800	13,900
Great Yarmouth	5,800	3,800	1,900	11,600
King's Lynn and West Norfolk	7,000	5,900	2,600	15,500
North Norfolk	4,300	3,700	1,300	9,300
Norwich	7,400	4,600	1,900	14,000
South Norfolk	6,800	6,200	2,300	15,400
Norfolk	45,100	35,600	14,200	95,000

*Figures have been rounded and therefore may not total

Source: ONS, 2018-Based Household Projections

In terms of the number of dependent children within these households, ONS household estimates can give an indication of how many households in Norfolk may consist of either one, two, or three or more dependent children. Within Norfolk, of all households with dependent children the most common number of child dependents in a household was one dependent (47%), followed by two dependents (38%) then three or more dependents (15%). This distribution is comparable to the whole of England, see figure 15.

Figure 15: Number of dependent children in Household (HH) (%)

	HH with one dependent child (%)	HH with two dependent children (%)	HH with three or more dependent children (%)
Norfolk	47	38	15
England	47	37	16

Source: ONS, 2018-Based Household Projections

Lone Parents

According to the Institute of Fiscal Studies (IFS), increases in relative poverty in the UK in recent years has disproportionately impacted lone parent households over two parent households. In this instance, relative poverty is defined as an annual income of less than 60% of the national median (adjusted for household size).

The IFS reported that between 2013/14 and 2019/20, the number of lone parent households in relative poverty rose by 9 percentage points to 49%. However, during the same period the number of two parent households in relative poverty increased by 2 percentage points to 25%.

In Norfolk, according to the 2011 Census, there were around 20,800 lone parent households with dependent children in Norfolk. Of these approximately, 2,500 (11.8%) were headed by single fathers and 18,400 (88.2%) were headed by single mothers.

Figure 16: Number of Lone Parent Households by Area and Gender of Parent

	Lone Parents Male	%	Lone Parents Female	%	Total
England	151,700	9.7	1,413,000	90.3	1,564,700
East of England	15,100	10.1	134,700	89.9	149,800
Norfolk	2,500	11.8	18,400	88.2	20,800
Breckland	400	12.4	2,700	87.6	3,000
Broadland	300	12.3	2,300	87.7	2,600
Great Yarmouth	400	12.0	2,800	88.0	3,200
King's Lynn & West Norfolk	300	10.5	2,800	89.5	3,100
North Norfolk	300	14.0	1,700	86.0	2,000
Norwich	500	11.0	3,900	89.0	4,400
South Norfolk	300	11.7	2,300	88.3	2,600

*Figures have been rounded and therefore may not total

Source: ONS Census 2011

It should be acknowledged that these figures have been sourced from the 2011 Census. Figures relating to household composition from the 2021 Census are due to be released later in 2022/3.

Divorced/Separated Adults

Around half (50%) of adults who were divorced or separated and around a third of adults who were single (33%) reported that their household could not afford an unexpected expense compared with around 2 in 10 adults who were in a relationship (married, cohabiting or have a civil partner, 23%) or widowed (22%)³⁰.

As of 2020, the 16+ population of Norfolk stood at around 760,000. According to the last census, approximately 12.4% of Norfolk's 16+ population were divorced or separated. If we considered the same proportion to be divorced/separated today as in 2011, then around 94,000 people would be divorced or separated in Norfolk today.

³⁰ [Office for National Statistics, Impact of increased cost of living on adults across Great Britain: March to June 2022](#)

Figure 17: % Divorced and/or Separated Individuals by Area

	Norfolk	East of England	England
Divorced (%)	10.1	9.2	9
Separated (%)	2.3	2.5	2.7
Total Divorced or Separated (%)	12.4	11.7	11.7

Source: ONS 2011 Census

In terms of the proportion of divorced/separated individuals in Norfolk who may struggle to afford an unexpected expense, in light of the ONS' findings outlined above, it can be estimated that up to 47,000 divorced/separated individuals in Norfolk could potentially struggle to afford an unexpected expense.

Please note that data from the latest 2021 Census is due to be published later in 2022, which would provide a more representative picture of the divorced/separated population of Norfolk today.

Disabled Adults

Data provided by Citizens Advice indicates that disabled individuals and those with long term health conditions were more likely to seek assistance from CA for a cost of living related issues than other cohorts such as ethnic minorities³¹.

According to the ONS around 4 in 10 (39%) disabled adults reported that their household could not afford an unexpected, but necessary, expense of £850 compared with around 1 in 4 (24%) non-disabled adults³².

In Norfolk, there are approximately 116,000 people between the ages of 16 and 64 classified as Equality Act (EA) Core disabled³³. For the East of England region, this figure stands at approximately 748,000. Nationally speaking, the number of people between 16 and 64 in England who are EA disabled is around 7,326,400. If around 39% of disabled people reported a potential struggle with unexpected expenses, as reported by the ONS, then this could mean that up to an estimated 45,000 people in Norfolk with a disability could potentially be unable to afford an unexpected expense.

Absolute Poverty

Around 8.8 million (around 13%) people in the UK are already in absolute poverty – defined as having an income below 60% of the 2010/11 median, uprated for inflation³⁴. An additional 1.3 million as predicted would raise the UK-wide figure to

³¹ [Citizens Advice Cost of Living Dashboard, September 2022](#)

³² [Office for National Statistics, Impact of increased cost of living on adults across Great Britain: March to June 2022](#)

³³ [Annual Population Survey, 2021](#)

³⁴ [House of Commons Library, Poverty in the UK: Statistics](#)

10.1 million (an increase of 14.7%). If we apply these proportions to the Norfolk population, that would imply that around 118,800 people in Norfolk are currently in absolute poverty. A 14.7% increase would then leave up to an estimated 136,000 people in Norfolk in absolute poverty. Please note that this estimate has been extrapolated from national figures - the distribution of poverty is unlikely to be uniform across the UK, therefore the rate of absolute poverty in Norfolk (both actual and predicted) may differ.

Other Cohorts

It has been established that higher income cohorts are less likely to be adversely affected by a rise in cost of living as higher earners spend a smaller proportion of their income on essential living expenses³⁵. Similarly, the effects of a rise in living costs for lower earners may be partially negated by financial assistance provided by the government. This however has the potential to leave some middle-income cohorts in a more precarious financial situation as they may spend a greater proportion of their income on essentials than higher earners and may be unable to claim the financial assistance that is available to their lower income counterparts.

These cohorts may include educated young professionals such as students, recent graduates and young people in the early stages of their career. Young families may also be among these cohorts - particularly those with significant financial commitments such as first-time buyers with mortgages, for example.

The Acorn Classification system devised by CACI categorises postcodes by analysing social factors and population behaviours. In terms of potentially overlooked cohorts, the following groups could potentially be at risk of loss of disposable income due to a lack of financial support:

City Sophisticates:

- Affluent younger people
- Generally own flats in major towns and cities
- The majority are buying their flats with perhaps a third renting from a private landlord
- Single people and couples without children
- Many are graduates and while not all are highly paid, incomes are above the national average and a good number pay higher rates of tax

Career Climbers:

- Younger people
- Singles, couples, and families with young children
- Live in flats, apartments, and smaller houses, which they are sometimes renting and often buying with a mortgage
- Tend to have higher educational qualifications than average

³⁵ [Resolution Foundation, May 2022](#)

- Although they are more likely than average to have some savings, investments and pensions, others are more likely to have loans, perhaps the residue of student borrowing and to have mortgage repayments. As a result, the good jobs may not always reflect high disposable income and a few may even be having some difficulties with debt.

Starting Out:

- Younger couples in their first home, starting a family, and others who are at an early stage of their career
- Some are still renting but most will be buying their home with a mortgage. Junior executive jobs and other white collar or professional occupations are typical
- Although household incomes tend to be above average the need to have built up a deposit and to have paid off student loans means housing is usually lower cost relative to the local area

Student Life:

- These are areas dominated by students and young people, often recent graduates.
- At least half of the people here, usually more, are studying. Students will be living in a hall of residence or in flats or shared houses.
- There will be little in the way of incomes other than to fund their time at university. Some will be utilising overdrafts or be building up debts.

In terms of how these cohorts feature in the Norfolk population, figure 18 provides a summary of approximate population size for each cohort and the number of households these cohorts potentially represent.

Figure 18: Population and Household Estimates for “Acorn” Groups

Group	Population	Households
City Sophisticates	1,100	500
Career Climbers	27,700	12,200
Starting Out	41,900	18,500
Student Life	8,900	1,900
Total	79,600	33,100

*Figures have been rounded and therefore may not total

Source: CACI, Acorn Profiles, 2019

From this it may be implied that up to an estimated 79,600 people (or around 33,000 households) may have been overlooked and could potentially be vulnerable to a loss of disposable income.

Students

In July 2022, the National Union of Students (NUS) published the results of their own cost of living research. From a survey of around 3,500 students and apprentices across the UK it was found that around 11% of respondents were relying on foodbanks to feed themselves – this reflects a 6% increase in foodbank usage by students since January this year. As a consequence of increasing living costs, around 30% of respondents were also found to have less than £50 leftover in their budgets per month after rent and bills³⁶.

The survey also revealed that around half of students claim to have no loan, bursary or grant. In terms of how respondents ranked pressures on their finances, 33% ranked the cost of housing such as rent, energy and water bills as the most significant financial pressure whereas 14% of respondents claimed that the cost of food was their most significant pressure.

What support has the Government announced?

In response to the rising cost of living, Central Government have announced a variety of grants and loans to help households cover additional living costs. In total, these support measures amount to around £37 billion³⁷.

- *Energy Bills Support Scheme:*
 - £200 of support announced earlier this year will be doubled. This £400 payment will now be a grant and will not need to be repaid.
 - This support is in addition to the £150 Council Tax rebate for households in England in Council Tax bands A-D, that was announced in February.
- *Welfare Support:*
 - Around 8 million households across the UK are due to receive a one-off “cost of living payment” of £650, direct to bank accounts. The payment will go to households in receipt of welfare benefits. As previously stated, there are approximately 15,900 UC claimants in Norfolk, and therefore may be eligible for this relief payment.
- *Pensioners and Disabled Households:*
 - 8 million pensioner households across the UK will receive a “pensioner cost of living payment” of £300.
 - Similarly, 6 million non-means-tested disability benefit recipients across the UK will receive a £150 payment.
- *Universal Support Measures:*

³⁶ [National Union of Students, Cost of Living Research, June 2022](#)

³⁷ [Cost of Living Support Factsheet: May 2022](#)

- £200 repayable loan, due in October, will be turned into a grant. The payment will be doubled to £400 for everyone

Statement on Data

The data and supporting information presented in this document has been compiled from a variety of publicly available sources. References to the original sources are made throughout the document to corroborate the information provided and signpost to the data's origin for future use by the reader, if desired.

Wherever possible, the most recent data has been included to give the most up to date picture of each of the topics covered. It should be noted that there are often differences in how frequently various data sources and indicators are refreshed or updated. As a result, some indicators and data sources may be more current than others. Furthermore, in order to ensure the veracity of data released to the public there is often a delay between data collection and data publication while all necessary verifications take place. This in turn results in lags in data publication.

Wherever possible, data has been provided at district level to shed light on differences within the county, however, it should be noted that not all data is available to the same degree of granularity meaning that some data is available only at county level, others at district.

It should also be acknowledged that while estimates of potentially affected cohorts have been provided, these will not be distinct categories - individuals can and likely will fall into multiple categories. Therefore, any attempt to aggregate these cohorts will risk double counting and create an inflated estimate that is not representative. The overlap between these cohorts is unknown.

Further Resources:

[The Resolution Foundation – Living Standards Publications](#)

[Institute for Government – Cost of Living Crisis](#)

[The Joseph Rowntree Foundation](#)

Contact Information:

[Sophie Bitten](#), Information Assistant, NODA

[Jonathan Eagle](#), Economic Analyst, NODA

[Eliska Cheeseman](#), Head of NODA

Appendix A

*Note that all figures have been rounded and therefore may not total.

Table A: Changes to Extra Amounts for Children UC benefit

	Monthly Allowance 2021/22	Inflation Aligned Allowance	Monthly Allowance 2022/23	Difference per month (£)	Difference per year (£)
First Child Born Before April 6 2017	283.00	308.00	290.00	-18.00	-215.00
First Child (born on or after 6 April 2017) or second child and subsequent child	237.00	258.00	245.00	-14.00	-166.00

Table B: Changes to UC Disability benefit

	Monthly Allowance 2021/22	Inflation Aligned Allowance	Monthly Allowance 2022/23	Difference per month (£)	Difference per year (£)
For Parents with a Disabled Child - Lower Rate Addition	129.00	140.00	133.00	-8.00	-91.00
For Parents with a Disabled Child - Higher Rate Addition	402.00	439.00	415.00	-24.00	-285.00

Table C: Changes to Limited Capacity for Work UC Benefit

	Monthly Allowance 2021/22	Inflation Aligned Allowance	Monthly Allowance 2022/23	Difference per month (£)	Difference per year (£)
Limited Capability for Work Amount	129.00	140.00	133.00	-8.00	-91.00
Limited Capability for Work and Work Related Activity Amount	344.00	375.00	354.00	-20.00	-243.00

Table D: Changes to Carer UC Benefit

	Monthly Allowance 2021/22	Inflation Aligned Allowance	Monthly Allowance 2022/23	Difference per month (£)	Difference per year (£)
Carer Amount	164.00	178.00	169.00	-10.00	-116.00

Table E: Changes to Non-Dependents UC benefit

	Monthly Allowance 2021/22	Inflation Aligned Allowance	Monthly Allowance 2022/23	Difference per month (£)	Difference per year (£)
Non-Dependants' housing cost contribution	76.00	82.00	78.00	-4.00	-53.00

Appendix B

In August 2022, former Chancellor of the Exchequer Nadim Zahawi expressed concern over the ability of those earning below £45,500 to cope with the rising cost of living³⁸. According to the ONS, approximately 66.1% of households in the UK have an annual gross income of £45,000³⁹. This would equate to approximately **500,000** residents in Norfolk aged 16 and above being potentially impacted by a rising cost of living.

However, if estimates are based on ONS survey of hours and earnings, it could then be argued that anywhere up to 80% of the population would be impacted as the 80th percentile of gross annual income for Norfolk residents (in full time work as of 2021) was £43,612. This in turn would equate to approximately **600,000** Norfolk residents aged 16 and above being impacted by the rising cost of living.

As for Norfolk's under 16 population, as of 2020 there were approximately 154,000 individuals under the age of 16 living in Norfolk⁴⁰. If we assume that 80% of these could potentially be affected as above then this would imply that up to approximately 123,000 0-15 year olds in Norfolk could also be impacted.

Please note that the rationale behind using £45,000 as a benchmark for estimating the impact of the rising cost of living is based solely on Nadim Zahawi's remarks.

³⁸ [Middle Earners Need Help to Survive Energy Crisis Chancellor Warns, Telegraph, August 2022](#)

³⁹ [Office for National Statistics, extracted from Nomisweb, September 2022](#)

⁴⁰ [Office for National Statistics, extracted from Norfolk Insight, September 2022](#)