

Tackling the cost of living crisis: what can we do?

Overview

On 23rd February 2023, the Centre for Personal Financial Wellbeing at Aston University held an interactive public event in Birmingham exploring together the challenges we face addressing the cost of living crisis. This event was held as part of the ‘Society Matters Live’ series organised by Aston University to take the research undertaken by the University to a public audience for discussion and debate. Here, we summarise key outcomes of this event, providing some context in connection to the wider debate that is currently occurring on this topic across the UK.

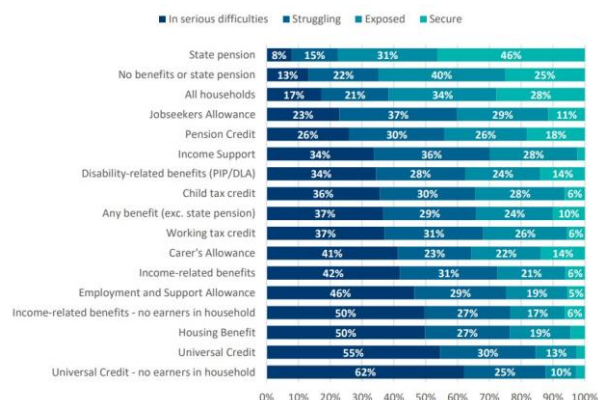
Background

We know the cost of living crisis is having a profound effect on people’s lives. A nationally representative poll has found that the proportion of households reporting being in serious financial difficulty has risen to one in six in October 2022, compared to one in ten in October 2021, while the proportion of households reporting as financially secure fell from 38% to 28% in the same period (Evans and Collard, 2022). Similarly, the Citizens Advice Bureau (2022) reports unprecedented numbers of people seeking help with the cost of living, for example, more people were unable to top up a prepayment energy meter in 2022 than in all of the previous 10 years.

The same nationally representative poll (Evans and Collard, 2022) asked what support households would like to have for addressing the cost of living crisis. Across different categories of financial wellbeing, the top forms of support identified were:

Reduced energy bills (79%) Reduction in the cost of food (48%) Inflation-matched increased in social security/benefit payments (29%) or pay (31%).

These are reported in Figure 1.



1 - Figure 1 – What support households would like to see, by financial wellbeing category (Source: Evans and Collard (2022)).

Against this backdrop, our session aimed to further explore what support could make a difference to people's everyday lives by engaging a group of experts by experiences in a 'research in action' session, meaning to engage everyday people in forms of reflection and enquiry underpinning research.

Approach

The 'research in action' event invited the attendees to, first, identify the key areas they believe needed to be explored to address the cost of living crisis effectively and second, explore these solutions in more detail – specifically who should apply it; who should lead it; and what would be important enablers for it to happen? Attendees were welcome to discuss in pairs or small groups (and many did so), using an online tool to record their ideas, as well as commenting and voting on others submissions. The attendees were expressly asked to think about solutions other than giving more income to people – to be taken as a given that this would help most to address rising prices more effectively - so income related ideas alone did not feature significantly in the discussion.

The next section details the major solutions that were identified and discussed during the session.

The solutions

The attendees at the session identified a wide range of ideas for discussion, three main categories of solutions were put forward. These are (a) self-help and community initiatives, (b) community hubs and (c) supporting the most vulnerable. These are discussed below in turn.

(a) Self-help and community group initiatives

The groups identified the need for initiatives to help people or community groups to reduce costs and/or increase efficiency. These included creating local food networks and improving food education and housing improvements, upgrading existing housing stock and providing advice on energy efficiency. Another potential area was to create optimised energy storage which could provide the opportunity for households to sell energy back to the market, reducing overall costs. These initiatives evidenced a strong orientation towards self-resolution and mutual support. However, there was a sense that some facilitation was needed to encourage grass-roots initiatives, for example, through agencies such as local government or other community organisations.

(b) Community hubs

The second emerging solution highlighted the need for community hubs as spaces where people could get information and advice on topics which could help them. One on hand, the idea of community hubs connected to established agencies like Citizens Advice, which have seen funding cuts in recent years, as a place to provide accessible advice and a balance of services, e.g. printed materials to counteract digital exclusion. It was also suggested that they could be a form of 'one-stop shop' where you could access a combination of services. However the community hub concept also connected to the first group of solutions, as they could provide a space for people to meet and interact in ways which could facilitate the self-help and community group initiatives envisaged.

(c) Supporting the most vulnerable

A strong theme throughout the discussion was the need to support the most vulnerable people in society from bearing the brunt of the cost of living crisis. A major element of this was the need for action at a regulatory or industry level in order to protect vulnerable people from exploitation. This was particularly targeted at financial institutions, such as banks, who were expected to make more proactive engagement with the need to support vulnerable people. There were also suggestions that windfall taxes on industries which profit the most from rising prices for goods and services, such as big energy and big tech, could be another means to protect vulnerable groups through provision of services. In keeping with the prior poll (Evans and Collard, 2022), another suggestion falling in this group was to maximise the availability and use of public transport cost as means to provide more opportunities for vulnerable groups.

Conclusion

While this event was not intended to be representative of a national view on the priorities for addressing the cost of living crisis, it is notable that a strong theme of self and community help emerged from this discussion. This community orientation to self-resolution and mutual support, recently evidenced in the Covid period in areas that this may be less prevalent and may have already been lost again in the brief period since Covid lockdowns were ended, appeared key to the thinking of the attendees as to where practical interventions may be needed by the public to play their part in coming out strongly from this period of financial challenge.

There was some recognition that, in order for self-resolution and mutual support to work, there was a need for facilitation, with the idea of community hubs being key to this at a local or regional level. Calls for regulation-led solutions were only partly in evidence and were more about enforcing existing protections, which may suggest limited faith in macro-level solutions. Overall, these findings develop some new angles on solutions for tackling the cost of living crisis that have had less attention in prior research.

References

- Evans, J. & Collard, S. (2022) Prices rising, temperatures falling: The wellbeing of UK Households in October 2022 – Findings from the 7th Financial Fairness Tracker Survey, adrbn Financial Fairness Trust/Personal Finance Research Centre, University of Bristol
- Citizens Advice Bureau (2022) Cost of living dashboard January 2022. Available at: <https://public.flourish.studio/story/1634399/>