

Out of pocket

The places at the sharp end of the
cost of living crisis

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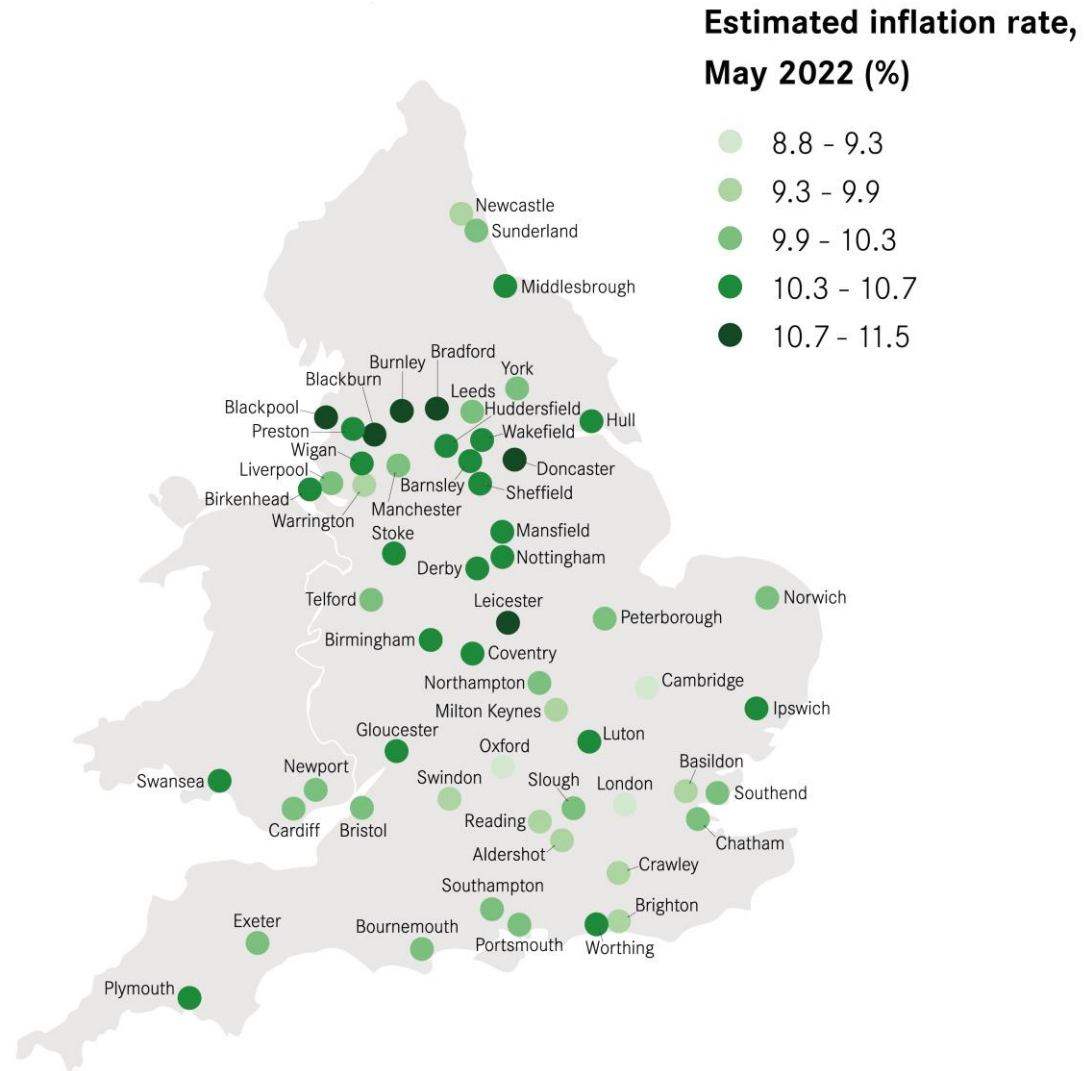


The geography of the cost of living crisis





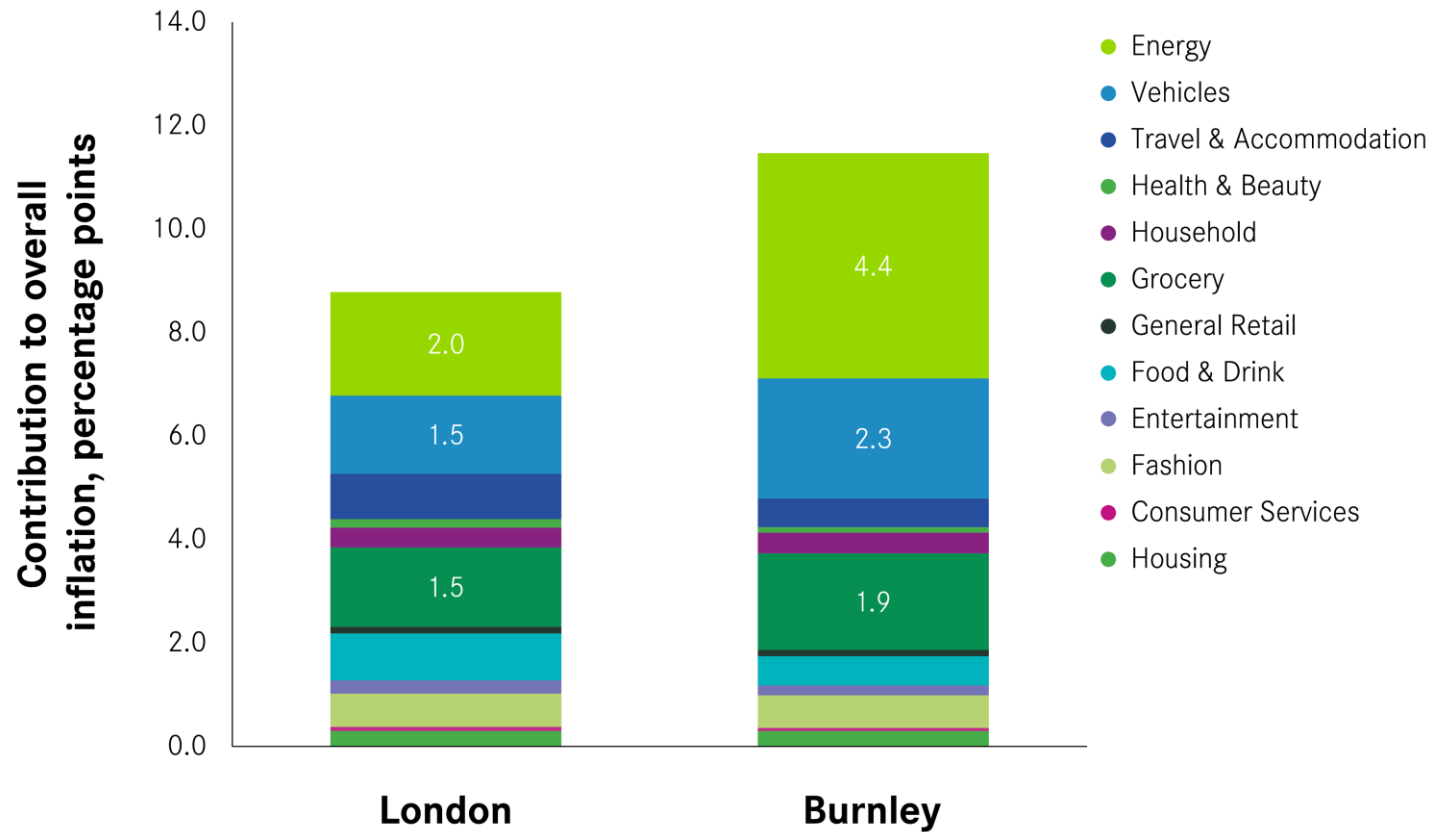
The cost of living: a North-South divide



Source: ONS; Beauclair; EPC Certificate, HMRC (PAYE), Centre for Cities' calculations.

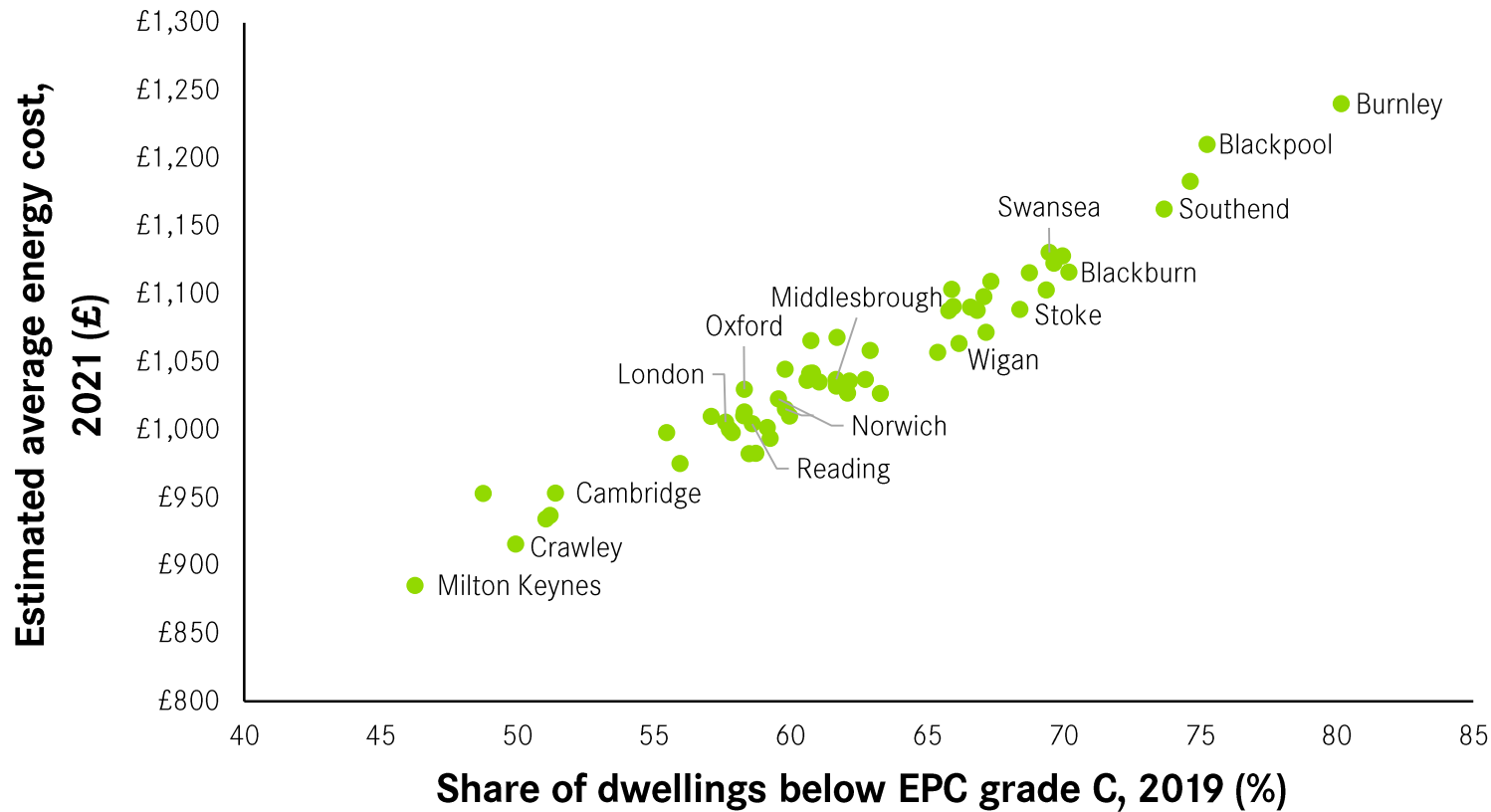
Energy-related components are the main drivers

Annual inflation estimated composition



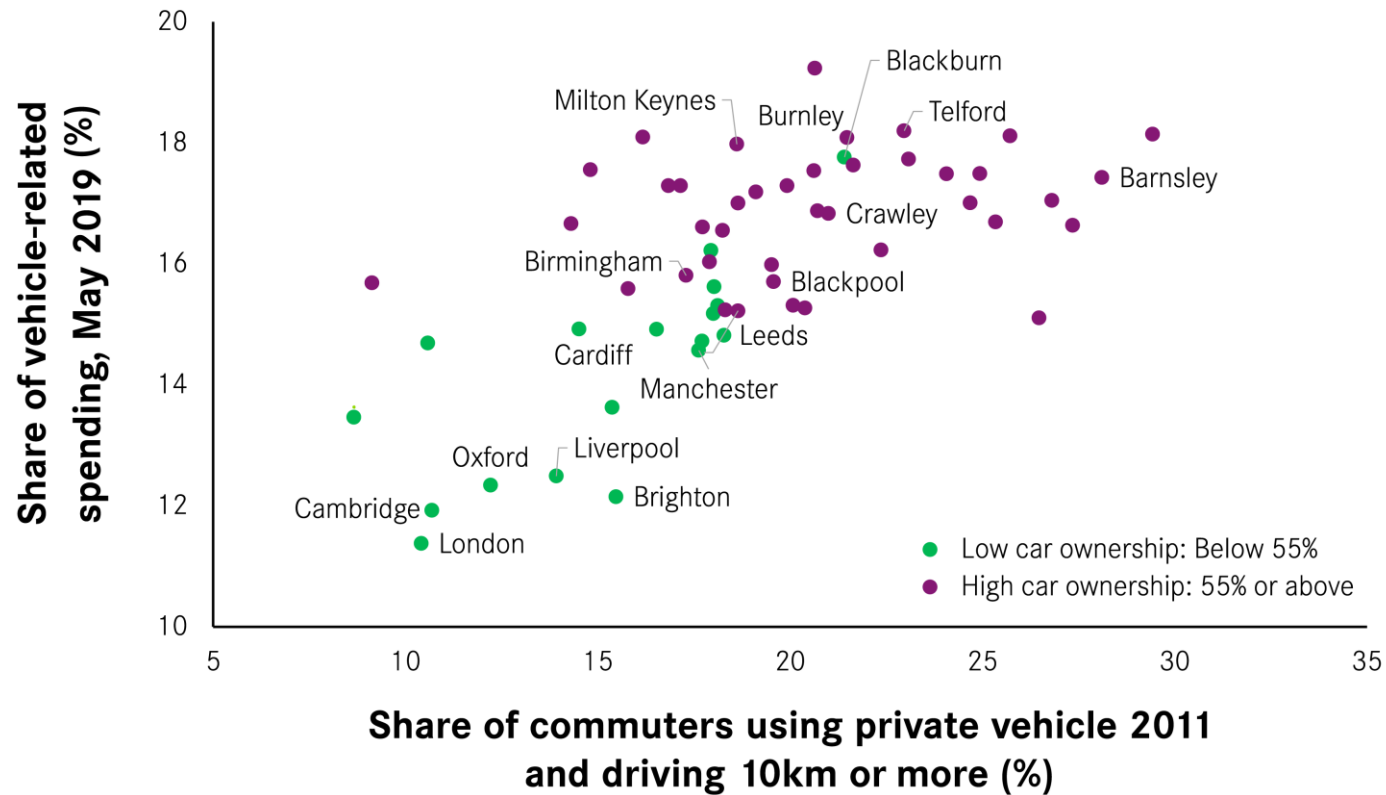
Reason 1: Nature and quality of the housing stock

Domestic-energy spending and dwelling efficiency



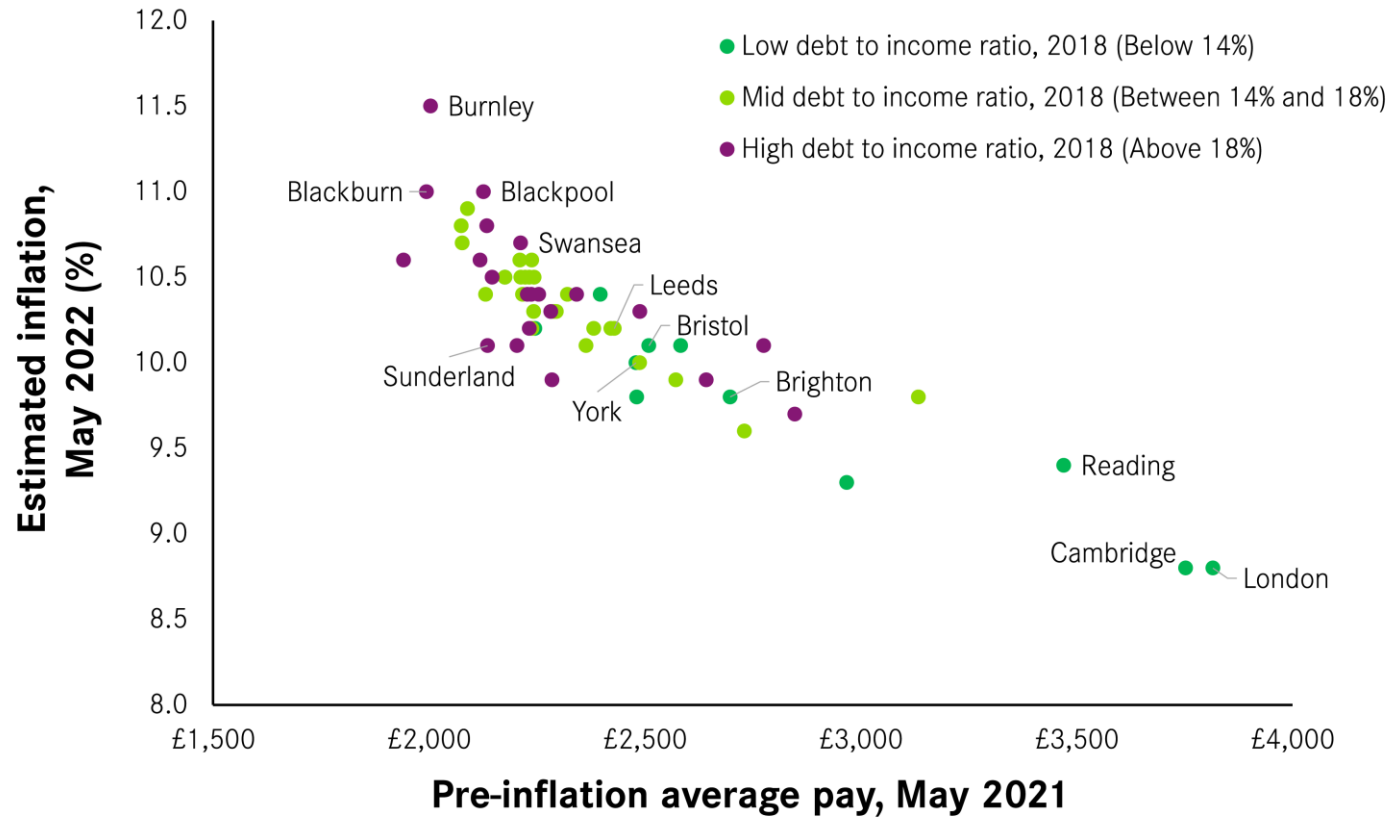
Reason 2: Car-dependency

Vehicle-related spending and commuting



Reason 3: Disposable income

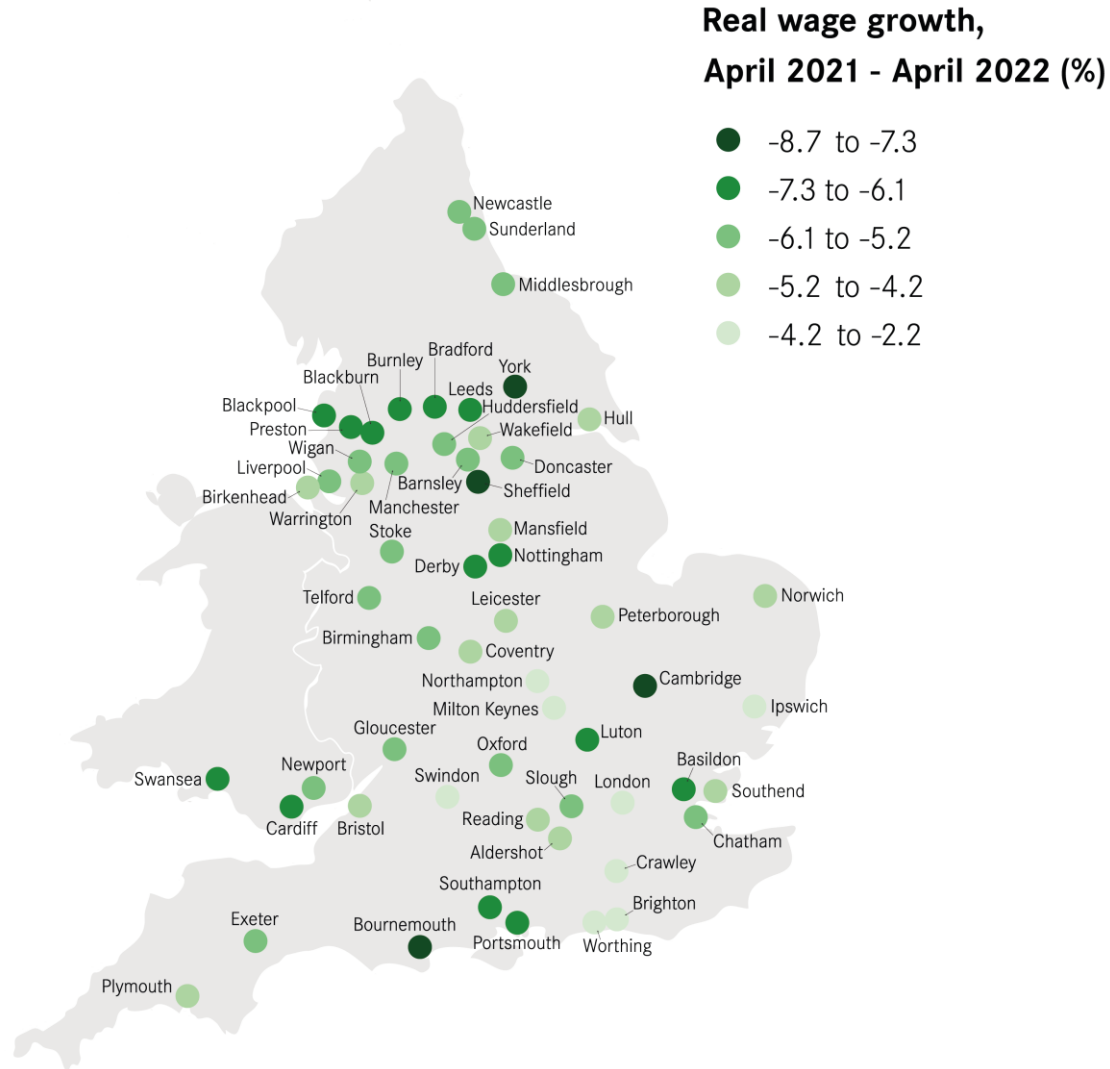
Estimated inflation and pre-inflation wages



**Are wages keeping up with
inflation?**



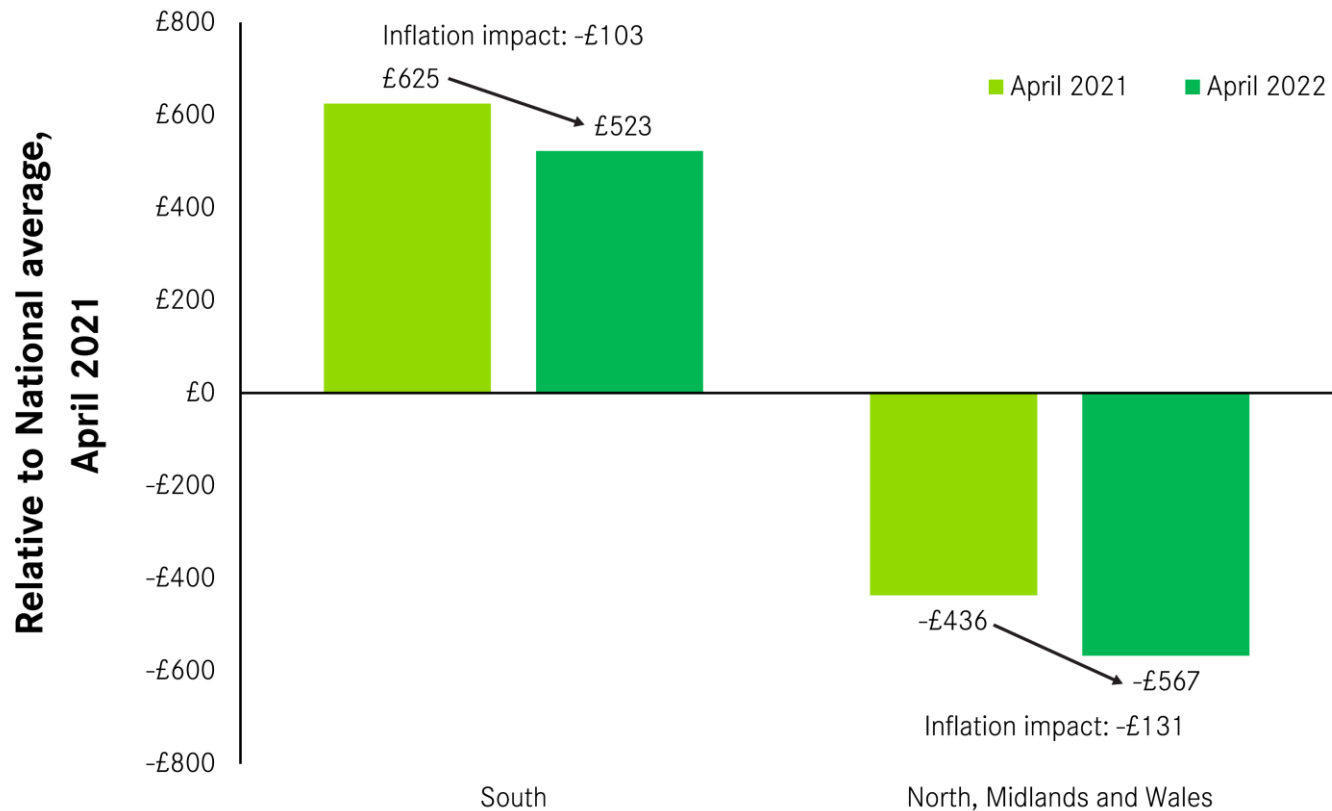
Inflation is growing faster than wages in all cities



Source: ONS; Beauclair; EPC Certificate, HMRC (PAYE), Centre for Cities' calculations.

Wages after inflation are falling the most outside the South

Mean real wages (April 2021 prices)



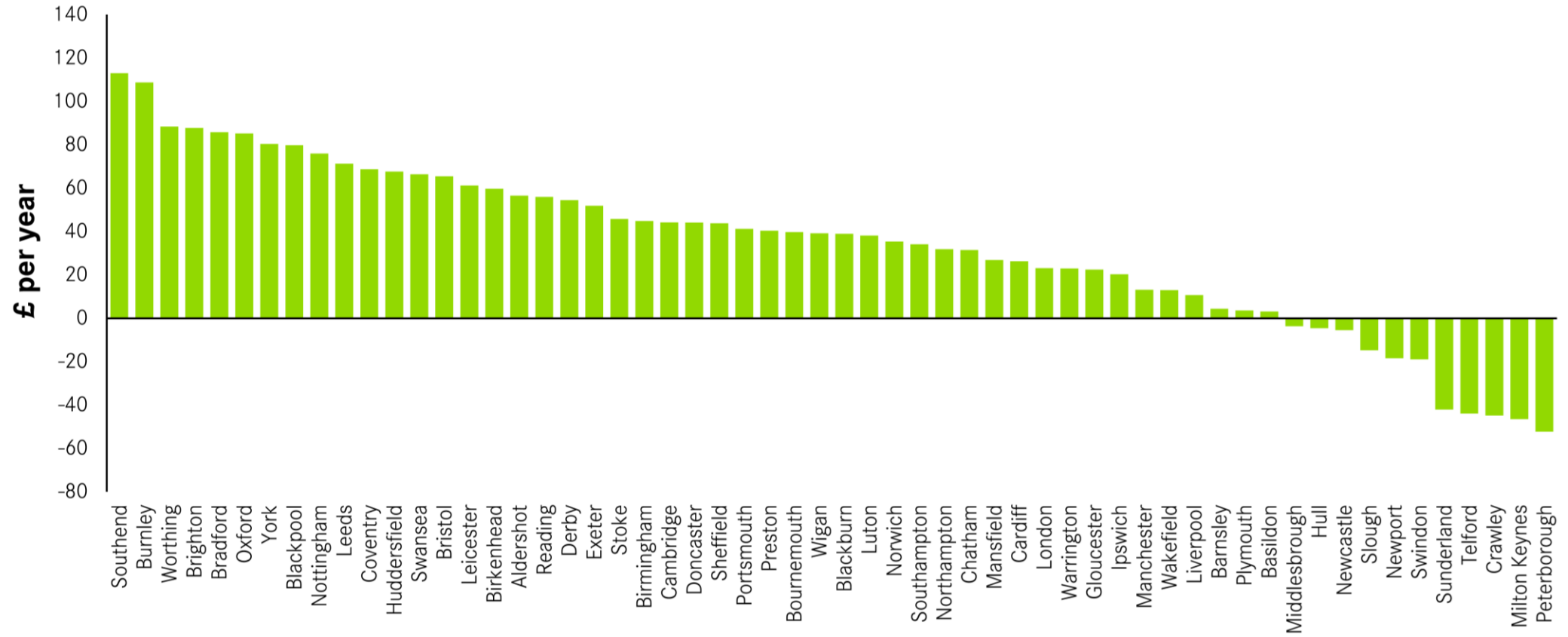
Government's support measures and policy implications





Government support package: welcome but not enough

Estimated increase in energy costs minus estimated support package



Source: ONS; Beauclair; DWP; EPC Certificate; HMRC (PAYE); Centre for Cities' calculations.

Methodology: Estimated share of residents receiving benefits or pensions uses November 2021 DWP data, divided by the most recent population figures



What needs to change

Short-term: support immediate needs

- Increasing benefits now to bring them in line with inflation;
- Reintroducing the £20 uplift for Universal Credit;
- One-off payment for households living in dwellings below EPC band C.



What needs to change

Medium to long-term: reduce energy consumption and promote economic growth.

- Accelerate the retrofit agenda
- Encourage growth of the economy generally (*'level up'*)

Thank you

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