

## *Colloquium*



# L'Unione europea tra pandemia, nuove crisi e prospettive future

A cura di Denise Milizia e Alida Maria Silletti

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Marion Ellison

# The Cost-of-Living Crisis in the UK: An Economy on the Edge

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## ABSTRACT

*This chapter examines the economic, social and environmental conditions underlying the cost-of-living crisis and its impact on social and health inequalities in the UK. This examination adopts a theoretical approach based upon social ecological economics premised on the view that economic, social, and environmental conditions are interactive and interdependent. The chapter provides an analysis of key factors underpinning the cost-of-living crisis in the UK, including, the UK's departure from the European Union, the Covid-19 pandemic, the ecological implications of climate change and the conflict in Ukraine. The central argument of the chapter is that the impact of the cost-of-living crisis on the profile and depth of poverty and health inequalities in distinct societies is shaped by the economic, social, and environmental circumstances that people experience during infancy, childhood development, employment, environment, and ageing. These circumstances are forged within a broader set of forces and systems including distinct economic policies and systems, political systems and social, health, educational, environmental policies. These specificities are critical to understanding the impact of broader global factors on the cost of living within distinct societal contexts. A central finding of the chapter is that whilst a range of global factors have contributed to the cost-of-living crisis in the UK, a substantive body of economic analysis conducted during 2021 and 2022 clearly evidences that the cost-of-living crisis in the UK has been significantly worsened by the economic and labour market impacts of the UK's departure from the European Union.*

## 1. INTRODUCTION

We have been asked to convene this letter on an issue where NHS leaders, would not usually intervene – but they feel they can no longer stay silent. Their starting point is that they are already seeing huge suffering in our local communities because of the cost-of-living crisis. With energy prices set to rise, they fear that many people will face the awful choice of skipping meals to heat their homes or having to put up with living in cold, damp, conditions. From a health perspective, this will inevitably lead to more illness up and down the country. It will lead to worse health outcomes, including damaging children's life chances, as

well as exacerbating health inequalities that have already been widened as a result of the pandemic [...] unless urgent action is taken by government this will leave an indelible scar on local communities and cause a public health emergency. (NHS Confederation 2022: 1)

As the world begins to move beyond the Covid-19 pandemic, the United Kingdom is facing extremely severe economic circumstances. The emotive language used in this open letter to the UK Government from the National Health Service Confederation illustrates the extent and depth of the cost-of-living crisis in the UK. At the time of writing, the “huge suffering” alluded to is evidenced by data revealing that in April 2022, 7.3 million adults and 2.6 million children live in households that reported going without food or not being able to gain access to food in the UK, representing a 57% increase in the share of UK households reporting severe food insecurity since January 2022 (Schmuecker, Earwaker 2022). Compounding this, recent analytical studies predict that “fuel poverty” (not being able to adequately heat a home) in the UK will increase dramatically as the decade progresses (Abdi *et al.* 2021; Bradshaw, Keung 2022; Sawyer *et al.* 2022; Torjesen *et al.* 2022; Whitehead *et al.* 2022). A recent study conducted by Bradshaw and Keung (2022) has predicted that by January 2023 over half of all households in the UK, including 80% of large families, lone parents and pensioner couples will be in fuel poverty. Households in the UK have experienced a significant fall in living standards since late 2021 (Bell *et al.* 2022; Breinlich *et al.* 2022; Hill, Webber 2022; OBR 2022). The severity of the cost-of-living crisis in the UK has been clearly illustrated by a recent Economic forecast published by the UK Government’s Office for Budget Responsibility (OBR). The OBR forecast, undertaken in March 2022 predicts that real household disposable income per capita in the UK will fall by 2.2% in the 2022/23 fiscal year. Starkly, this represents the biggest fall in living standards since 1956 when this type of data was first produced (OBR 2022). More recently, the Bank of England forecast that an inflationary recession will begin in the UK during the final three months of 2022 and will last for at least 15 months. An Inflationary recession, also known as ‘stagflation’, is when a recession is accompanied with increasing prices (Bank of England 2022).

Broader economic indicators have revealed the comparative fragility of the UK economy within a wider European context (OECD 2022a; ONS 2022a). Recent data published by the Organisation for Economic Co-operation and Development (OECD) reveals that per capita income in the UK has grown by only 3.8% in real terms since the second quarter of 2016 compared with 8.5% growth in the EU (OECD 2022b).



The vulnerability of the UK economy when faced with challenging global economic conditions has been shaped by multifaceted factors. As well as low economic growth the fragility of the UK economy has been exposed and exacerbated by inadequate levels of inward investment, stagnant wages, and low productivity in recent decades (Dhingra *et al.* 2022; Hamza 2022). The UK's withdrawal from the European Union has compounded these negative economic conditions. Recent data reveals that with a Trade Balance of minus 4.5% of GDP the UK Trade Deficit is now at its lowest level since comparable data began (ONS 2022e).

The grave and multidimensional impacts of the cost-of-living crises on public health, society and economy in the UK cannot be underestimated.

The purpose of this chapter is to examine the economic, social, and environmental conditions underlying the cost-of-living crisis and its impact on social and health inequalities in the UK. This examination is framed within the theoretical lens of social ecological economics premised on the view that economic, social, and environmental conditions are interactive and interdependent (Spash 2011; Daly 2013; Garifova *et al.* 2014; Matthies *et al.* 2017; Spash, Smith 2019; Hanaček *et al.* 2020; Spash, Guisan 2021). Within this theoretical framework sustainable economic systems are conceptualised as systems which replicate themselves without generating social and ecological crises (Daly 2013; Matthies *et al.* 2017; Nelson, Power 2018; Hanaček *et al.* 2020). The chapter examines the central factors underpinning the cost-of-living crisis in the UK, including, the Covid-19 pandemic, Brexit, the ecological implications of climate change and the conflict in Ukraine. The chapter also provides an analysis of the impact of the current economic crises in the UK on economic, social and health inequalities. This chapter begins with an analysis of economic and ecological factors driving the cost-of-living crisis in the UK. The chapter then goes on to analyse the social and health impacts of the crisis. The next section outlines the conceptual approach adopted in this chapter.

## 2. CONCEPTUAL APPROACH

The theoretical framework adopted in this chapter is social ecological economics. Social ecological economics is a conceptual and methodological approach which recognises the dynamic interaction of economy,

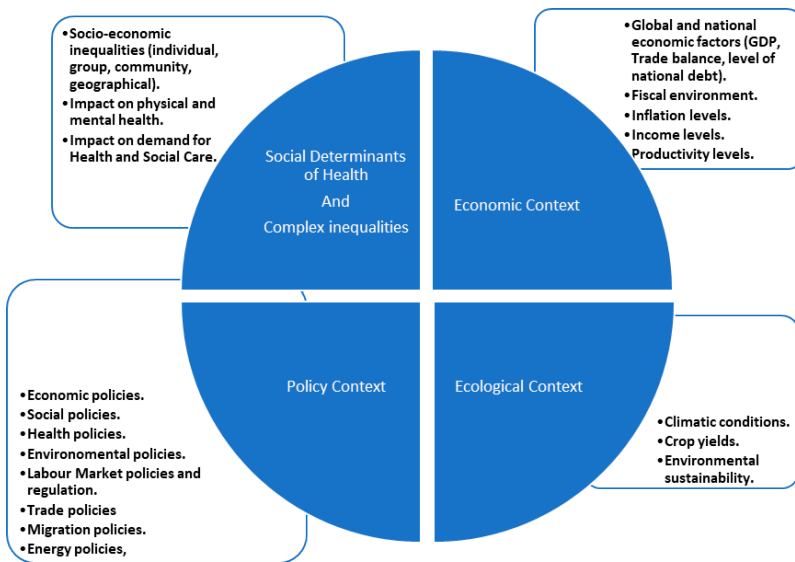
society and ecology across space and time. In contrast to neo-classical economics, social ecological economics focuses not only on questions of efficiency and distribution, but on institutions, power relations, uncertainty, and ignorance within the context of interactions between the economy, society, and the environment with the aim of a transition towards sustainability (Spash 2011; Garifova *et al.* 2014; Matthies *et al.* 2017; Spash 2017; Spash, Smith 2019; Spash, Guisan 2021). This theoretical framework is relevant to the analysis of the cost-of-living crisis within distinct social settings in Europe and at a global level. *Figure 1* illustrates the interacting factors which contribute to the cost-of-living crisis within distinct societies.

The complex relationships between economic context, ecological conditions, policy context, social determinants of health and complex inequalities shape the dynamics of the cost-of-living crisis within distinct societal settings. The adoption of a systems-orientated approach focussing on structures and processes enables the analysis of the profile and depth of the cost-of-living crisis within distinct societal settings. Economic, social, and ecological specificities reveal the impact of interacting internal and external factors which influence key dynamics of the cost-of-living crisis within each societal setting.

From a social ecological economic perspective, the impact of the cost-of-living crisis on the profile and depth of poverty in distinct European societies is shaped by the economic, social, and environmental conditions that people experience throughout their lives (Hanaček *et al.* 2020). These conditions impact on infancy, childhood development, employment, environment, and ageing. Moreover, these conditions are driven by a broader set of forces and systems which forge the circumstances of people's lived experiences including economic policies and systems, development agendas, social norms, social policies, and political systems. The multi-dimensional and interacting relationship between social and environmental determinants of health and health inequalities across distinct societies have been clearly evidenced in previous research (Palmer *et al.* 2019; Marmot 2020).

For example, in common with societies at global and European level the cost-of-living crises in the UK has been largely driven by significant increases in energy prices which in turn has fuelled inflation levels and living costs. In addition, in common with other European societies the Covid-19 pandemic has had a substantial impact on the UK economy particularly with regard to lower economic growth and negative impacts on economic, social and health inequalities (Blundell *et al.* 2022). However, there is now a substantial body of research which

shows that the cost-of-living crisis in the UK has also been significantly worsened by the economic and labour market impacts of the UK's departure from the European Union (Dhingra *et al.* 2022; Portes 2022; Posen, Rengifo-Keller 2022; Pryce 2022). Here, the significant trade deficit and increasing costs of trade have weakened the economy and fuelled inflation in the UK (Hamza 2022; Portes 2022). The cost-of-living crisis across European societies countries has also been exacerbated by ecological factors. Drought conditions during the summer of 2022 affected 44% of the European land mass during the summer of 2022 leading to significantly lower crop yields whilst also hindering renewable energy production (JRC 2022a). The broader impacts of reduced crop yields and renewable energy production has contributed to rising food prices due to “heatflation”, further exacerbating the cost-of-living crisis across European societies.



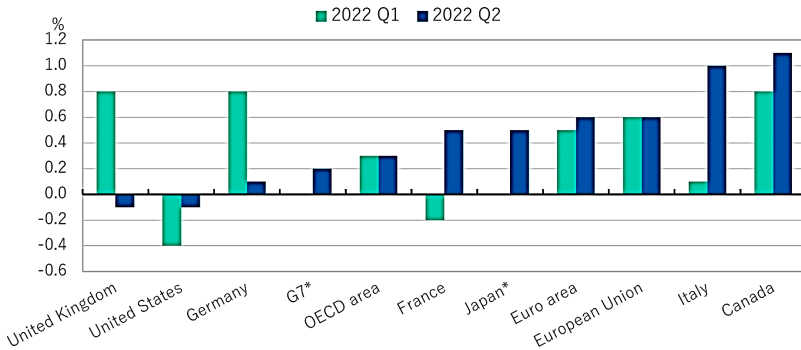
*Figure 1. – The cost-of-living crisis: conceptual approach, social ecological economics (Authors own work).*

### 3. ECONOMIC CONTEXT

Global economic conditions have deteriorated significantly since 2020. The conflict in Ukraine has brought human tragedy on a large scale and triggered a major shock to the global economy exacerbating the negative economic impacts of the Covid-19 pandemic. The global economic and fiscal outlook has been described as gloomy and uncertain with a major risk of stagflation, a period of high inflation accompanied by economic stagnation during the latter half of 2022 continuing until 2024 (OECD 2022b). Inflation has been fuelled by cost pressures on economies across the globe. Most recently, a key contributory factor has been the historic increase in gas and oil prices driven by the conflict in Ukraine. In addition, global supply chains have been disrupted by the conflict in Ukraine, further increasing prices across global economies.

Critically however, the increase in energy prices has been disproportionately high in the UK when compared to other major European countries despite the UK's low reliance on gas from Russia. Illustrating this in 2021, Germany sourced 55% of its gas from Russia and energy prices increased by 23% in 2022; France sourced 17% of its gas from Russia and energy prices have increased by 4%. In contrast the UK sourced only 4% of its gas from Russia and energy prices have risen by 215% in 2022 (ONS 2022c). The key factors which influence energy prices within distinct national settings are complex and include, levels of demand and technological and efficiency measures, the balance between different energy sources, ecological conditions, global market fluctuations and financial speculation (Li, Lee 2022). Distinct policy and regulatory interventions have clearly impacted on the relative cost of energy in different European countries. For example, the French government has intervened to place a 4% cap on energy price rises in 2022. More broadly, the European Union announced plans to impose a € 140 billion windfall taxes on energy companies on the 14<sup>th</sup> of September 2022 to counteract “abnormally high profits” and redirect funds to households and businesses struggling with soaring bills. Whilst gas and oil prices have peaked in mid-2022 they are still extremely high with major energy corporations in the UK benefitting from this. Illustrating this, British Petroleum (BP) made a profit of 2.4 billion in the third quarter of 2022 and Britain's largest energy supplier, Centrica made a record profit of £1.34 billion during the third quarter of 2022 up from £262 million a year earlier. In the UK sharp increases in gas and oil prices have led to significantly increased costs across a range of

areas including domestic energy, manufacturing and transport. These inflationary pressures have been compounded by stagnant wages, low economic growth and lagging productivity. As *Figure 2* shows during the second quarter of 2022 economic growth in the UK has slumped to -0.1% (OECD 2022a).



*Figure 2. – Gross domestic product (quarter-on-quarter change), percentage change on the previous quarter, seasonally adjusted data.*

Source: OECD, *Quarterly National Accounts*

(Database; accessed, 12 September 2022,

<https://stats.oecd.org/Index.aspx?DataSetCode=QNA>).

Recent economic analysis has provided evidence that the cost-of-living crisis in the UK has been compounded by The UK's departure from the European Union (De Lyon, Dhingra 2021; Hill, Webber 2022). Exemplifying this, a recent study conducted by researchers from the London School of Economics on the current cost of living crisis found that Brexit has severely damaged the UK's economic growth potential and has reduced the average pay of workers significantly (Dhingra *et al.* 2022). The authors of the study calculate that the average worker in Britain will lose £470 each year by 2030 after rising living costs are considered compared with the average wage per year that would have been available had the UK remained within the European Union. The authors conclude that a less open economy will also lead to a decrease in productivity with an estimated reduction in economic output per hour of work of 1.3% by 2030. Significantly, the authors also estimate that exports to the EU will be 38% lower by 2030 when compared to the level that they would have been had the UK remained within the EU by 2030. Central factors driving this are poorer competitiveness of UK exports within the global economy, a less open economy and

higher import costs due to harsh trade barriers and bureaucratic barriers (Posen, Rengifo-Keller 2022). Overall, there is now unambiguous evidence that the UK's departure from the EU has severely hindered recovery from the Covid pandemic and exacerbated the current cost of living crisis.

As previously discussed, at minus 4.5% of GDP the current UK Trade Deficit now stands at its lowest level since comparable data began (ONS 2022e). The fragility of the UK economy is also illustrated by the most significant fall in the value of the British pound since records began in 1875. On September 26, 2022, the British pound fell to an all-time low against the US dollar (£1.03: \$1.00) as markets reacted to the UK's biggest tax cuts to the top 1% of higher earners in 50 years combined with UK national debt at a record £2.024 trillion (95.7% of GDP). The Institute for Fiscal Studies (IFS) has recently described public finances in the UK as being unsustainable (Karjalainen, Levell 2022). This devaluation of the British pound will have a severe impact on inflation leading to higher energy prices because commodities such as oil and gas are priced in dollars and to higher import costs adding an estimated 5% inflation to imported goods (Karjalainen, Levell 2022).

### 3.1. *Inflationary pressures*

The UK has been amid a major cost of living crisis since the final quarter of 2021. The cost-of-living crisis is defined here as the decline in “real” disposable incomes adjusted for inflation and after taxes and social security entitlements. For households across the UK, the cost-of-living crisis has been exacerbated by high inflation surpassing wage and social security entitlement increases. In August 2022, overall Consumer Price Inflation (CPI) in the UK was 9.9% (ONS 2022b) and the Bank of England predicts that this will increase to 13% by the end of 2022 (Bank of England 2022). Recent analysis has revealed that household incomes in the UK are falling at the fastest rate since the 1950's as a result of rapidly increasing inflation mainly impacting on energy, food and fuel. There is also now unambiguous evidence that this will impact more severely on lower income households than wealthy households in the UK (Hill, Webber 2022; Karjalainen, Levell 2022; Schmuecker, Earwaker 2022). Illustrating this, a survey conducted for the Office of National Statistics between August 31 and September 11, 2022, found 48% of adults said they were already finding it “very or somewhat difficult” to afford their energy costs (ONS 2022f). The annual rate of food

price inflation increased to 10.6% in September 2022 (ONS 2022b). This represents the largest increase in food price inflation since records began in the UK in 2005.

### *3.2. Impact of Brexit on rising food prices*

A number of recent studies have provided evidence of the impact of Brexit on inflation in the UK (De Lyon and Dhingra 2021; Fernandes, Winters 2021; Breinlich *et al.* 2022; Geiger, Güntner 2022; Hamza 2022; Karajalainen, Levell 2022; Portes 2022; Pryce 2022). More broadly a number of economists have argued that leaving the EU has weakened the UK economy leaving it more vulnerable to global shocks and crisis in the long term (Fernandes, Winters 2021; Bell *et al.* 2022; Pryce 2022). A key reason for this is that the UK's economy is now a less trade-intensive nation and the UK's trade performance has been severely weakened as a result. Inflation in the UK has been exacerbated by the higher trade costs for businesses which have arisen as a direct result of Brexit. Here, increased bureaucracy, supply chain delays and rising trade costs and border restrictions have exacerbated supply chain issues and delivery times whilst also increasing the cost of UK exports. At the same time Import costs have risen significantly, trade barriers introduced after leaving the EU has led to a 6% increase in UK food prices between December 2019 and September 2021, adding to the rising financial pressure for households (Dhingra, Sampson 2022). The UK imports 30% of all imported food from the EU. The cost of fresh food products such fruit and vegetables have increased more significantly than other foods imported from the EU.

## 4. ECOLOGICAL FACTORS

The cost-of-living crisis across European countries has also been fuelled by climatic conditions during 2022. Climatic factors in 2022 have negatively impacted upon crop yields and water stress and heat stress have driven expected crop yields down particularly in France, Italy, Romania, and Spain. Illustrating this, the *JRC MARS Bulletin on Crop Monitoring in Europe* (JRC 2022a) analysed the reported impacts across Europe. Germany, Poland, Slovenia, and Croatia also experienced a reduced crop yield due to climatic issues. The European Commission's Joint

Research Centre (JRC) published the *Drought in Europe – July 2022* report (JRC 2022b), an assessment of Europe’s drought situation based on the European Drought Observatory. The analysis of the evolution and impact of the prolonged drought in the EU shows that 44% of the European land mass was exposed to drought conditions during 2022. In Italy, the Po River basin was faced with the highest level of drought severity. A drought emergency was declared in five Italian regions with insufficient water availability leading to restrictions in water usage and supply. Similar measures to restrict water were taken in France, Spain, and Portugal. Energy production from run-of-river plants during the summer of 2022 was significantly lower than the 2015-2021 average for many European countries. The situation was similar with regard to hydropower reservoir levels across Europe. The drought conditions also led to the suspension of many hydroelectric and thermoelectric power production operations across countries. Overall, drought conditions and water scarcity has had a severe impact on energy production and crop yield during 2022 (JRC 2022a). The negative impact of climatic factors on crop yields have driven up food prices, contributing to the cost-of-living crisis across Europe.

Although drought conditions experienced across Europe during 2022 did not pose an immediate threat to food supplies, the resultant pressure on agricultural production has led to rising food costs. When these costs are combined with the deepening cost-of-living crisis and rising energy bills climatic factors will exacerbate the cost-of-living crisis in the UK. A recent analysis undertaken by the Centre for Economics and Business Research (CEBR) found that the drought conditions will contribute to food inflation and estimate that in total households in the UK will now spend an extra £1.1bn per month on food in December 2023, equivalent to a rise of £37.41 per month per household. The CEBR argues that the impact of the hot, dry summer of 2022 will last for some time (CEBR 2022; Lucidi *et al.* 2022).

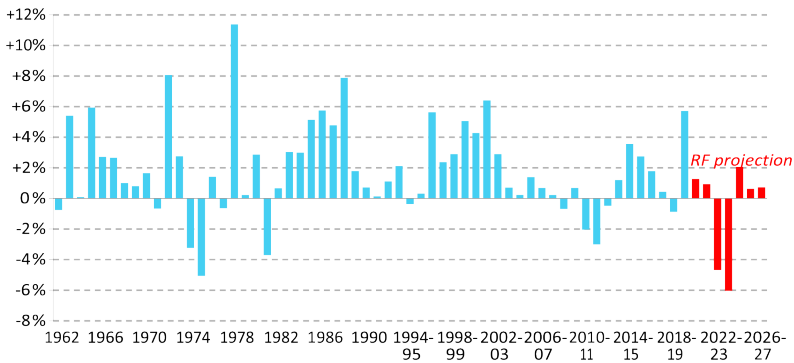
## 5. THE DIFFERENTIAL IMPACT OF COST-OF-LIVING CRISIS ON SOCIO-ECONOMIC INEQUALITIES IN THE UK

As *Figure 3* reveals the cost-of-living crisis has had a severe impact on average household incomes in the UK. Recent analysis conducted by the Resolution Foundation has found that the crisis will have a severe impact on household income during the winter of 2022 and during



2023-24. Under current economic conditions the average income of households in the UK is forecast to be 5% lower in 2022-23 with a combined fall in average income of 10% between 2021-22 and 2023-24. The average equivalised income is therefore projected to be £2,800 lower in 2023-24 than in 2021-22. This projected severe decline in households will impact on the level of absolute poverty in the UK which is forecast to rise from 17% to 22% in 2023-24. This represents a rise of over 3 million from 11 million to 14 million people (Bell *et al.* 2022).

Critically, child poverty in the UK is projected to increase significantly from 23% in 2021-22 to 31% in 2023-24. This represents an increase in the number of children falling into poverty of one million because of the cost-of-living crisis in the UK (Bell *et al.* 2022; Hill, Webber 2022; Schmuecker, Earwaker 2022).



Notes: Projections after 2019-20. Data source change in 1994-95. GB from 1994-95 to 2001-02.

Source: RF analysis of DWP & IFS, Households Below Average Income; and RF projection including use of the IPPR Tax Benefit Model, ONS data, and Bank of England and OBR forecasts.

Figure 3. – UK, Average household incomes: 1962-2027.

Source: Resolution Foundation (accessed September 12, 2022).

Recent research has also exposed the impact of the current cost-of-living crisis on the depth and profile of poverty in the UK and is disproportionately affecting poorer households. The Institute for Fiscal Studies (IFS) has found that inflation for those on low incomes was three percentage points higher than inflation for wealthier families. The IFS estimated that the average inflation rate for the poorest 10% of households in the UK was 10.9% in April 2022. In contrast with an inflation rate of 7.9% for the wealthiest 10% of households in the UK. The main

reason for this is that energy costs, the main driver of recent inflation represents the largest proportion of household budgets for households on a low income (Karjalainen, Levell 2022).

Rapidly increasing food prices have also significantly contributed to disproportionate levels of inflation for lower income households. Recent analysis from the Office for National Statistics (ONS 2022d) found that on average, from a survey of thirty everyday grocery items the lowest priced items increased by an average of 6.7% over the 12 months to April. However, this varied across food items with the price of 15 low-cost food items increasing by 15%, including the cost of pasta which has increased by 50%, the cost of bread by 15% (ONS 2022d).

The impact of the cost-of-living crisis on low-income families is evidenced in a recent major study undertaken by the Joseph Rowntree Foundation (Schmuecker, Earwaker 2022). The survey found that there have been significant increases in the number of people being forced to use food banks and charities. The survey found that seven million households had either gone without food in the previous 30 days or without at least one essential item such as heating or basic toiletries since the beginning of 2022. Overall, the researchers found that 5.2 million low-income households (45%) had either reduced meals or gone without meals completely during the previous 30 days. 3.2 million (27%) low-income households had been unable to heat their home since the beginning of 2022. In total 2.3 million low-income households were unable to afford food or adequate heating during the year beginning 2022. Moreover, increasing numbers of people within low-income households reported resorting to loans as a way of surviving. Thus, the cost-of-living crisis is leading to increased levels of longer-term debt amongst poorer households. In total low-income households in the UK reported being approximately £22 billion in debt.

## 6. THE IMPACT OF THE COST-OF-LIVING CRISIS ON HEALTH INEQUALITIES IN THE UK

The impact of increasing and deepening levels of poverty on both physical and mental health has been clearly evidenced by previous research (Barons, Aspinal 2020; Banks *et al.* 2021; Hawkins, Panzera 2021). As has been previously discussed in this chapter, the multi-dimensional and interacting relationship between social and environmental determinants of health and health inequalities across distinct societies impact signifi-

cantly on infancy, childhood development, employment, environment, and ageing. Moreover, these conditions are driven by a broader set of forces and systems which forge the circumstances of people's lived experiences including economic policies and systems, development agendas, social norms, social policies, and political systems (Therborn 2014; Palmer *et al.* 2019; Marmot 2020).

The social and environmental circumstances in which people are born, develop, live, work, and grow older interact with wider systems and factors which forge the structural conditions of people's lived experiences. These systems and factors include economic policies and systems, education policies, social norms, social policies, and political systems (Knifiton, Inglis 2020; Marmot 2020).

Recent studies have evidenced ways in which the rising cost of living is damaging the health of people across the UK (Francis Devine *et al.* 2021; Hawkins, Panzera 2021; Goddard 2022; Lee *et al.* 2022). Evidencing this, a survey commissioned by the Royal College of Physicians (RCP) found that 55% of people in the UK blamed the cost-of-living crisis for their deteriorating health. Of this group, 84% identified rising heating costs, 78% identified increasing food bills and 46% identified transport as contributing to their deteriorating health and 25% of people had been informed by a doctor or medical professional that rising prices were negatively impacting their health with stress being regarded as a key factor (Goddard 2022). Doctors reported examples such as a patient being unable to afford to travel to hospital for lung cancer investigation and treatment, a woman whose ulcers on her fingertips were made worse by her house being cold, and conditions such as asthma and chronic obstructive pulmonary disease being made worse by pollution and exposure to mould. Recent research has also revealed the negative impact of the cost-of-living crisis on the physical and mental health of vulnerable groups in the UK including, children and young people, older people, disabled people, and people suffering from long term chronic illness (Hawkins, Panzera 2021; Lee *et al.* 2022).

Illustrating this the devastating impact of rising levels of food poverty on children's health and child development in the UK has been clearly evidenced in a range of recent studies (Marmot 2020; Francis Devine *et al.* 2021; Power 2021; Lee *et al.* 2022). Children living in food insecure households experience higher levels of stress and anxiety as they often internalise guilt that their parents often go without food to make sure that they their children can eat food. Children also suffer anxiety and stress due to the presence of general family anxiety when food runs out in the household. In addition, the stigma and social isolation

that are created by families relying on charity and foodbanks have a detrimental impact on children's mental health. Parental anxieties relating to the possibility of social services intervening in families where there is food and/or fuel poverty also leads to the family not seeking help and children were found to suffer in silence and internalise their anxieties.

Fuel poverty has increased significantly during 2022 because of the cost-of-living crisis (Hill, Webber 2022; Schmuecker, Earwaker 2022). The direct impact of fuel poverty on health inequalities has been evidenced in a burgeoning number of studies. Cold homes have been shown to exacerbate respiratory, circulatory, and mental health problems across all age groups and for low-income households this has become a critical issue during the current cost of living crisis. For households living in absolute poverty damp and cold housing is life threatening (Ormandy 2014; Dunn 2020; Whitehead *et al.* 2022). This evidence demonstrates that cost of living crisis will have a profound impact and will continue to have profound impacts on people's health. Illustrating this higher excess winter deaths may result from rising energy costs combined with a cold winter.

Children and older people are particularly vulnerable to health conditions related to cold and damp housing conditions. The impact of cold damp housing conditions on children was recently evidenced by Ormandy (2014) who found that cold damp housing was the leading cause of childhood respiratory conditions. Children in cold homes are more than twice as likely to suffer from some form of respiratory condition than those in warm homes; cold housing increases the likelihood of minor illnesses such as colds and flu; there are significant negative effects on infant weight gain; an increase in hospital admissions; a negative effect on development; and negative effects on the mental health of adolescents (Ingham *et al.* 2019; Pearce *et al.* 2019; Mohan 2022). Fuel poverty has also been evidenced as increasing reports of poor health, hospitalisation, and negative effects on child development (Howden-Chapman *et al.* 2007; Cook *et al.* 2008). A significant increase in the risk of asthma in children has also been shown to be associated with mould growth (Dear, McMichael 2011; Ormandy 2014). There is also stark evidence that older people in the UK also suffer increased health risks due to fuel poverty (Abdi *et al.* 2021). As Abdi *et al.* evidence fuel poverty is a major contributor to poor and chronic ill health and morbidity among elderly people in the UK. Disabled people and people with existing health conditions are also disproportionately impacted upon by fuel poverty (Whitehead *et al.* 2022). The differential impact of the cost-of-living crises on people living with complex vulnerabilities is

clearly evidenced by recent studies. The detrimental impact of fuel poverty and food poverty on the child and adolescent development relates to the direct and indirect effects of poor nutrition and cold damp conditions on physical and mental health. Here, there is now unambiguous evidence that children and young people living cold damp homes with poor nutritional intakes are more likely to experience anxiety, depression, and impaired physical and cognitive development (Mohan 2022; Whitehead *et al.* 2022).

The direct impact of financial stress on the mental health of people within low-income households in the UK has also been revealed in recent studies (Knifton, Inglis 2020; Iacobucci 2022; Money and Mental Health Policy Institute 2022). A recent survey commissioned by the Money and Mental Health Institute shows that 59% of UK adults state that the cost-of-living crisis has had a negative impact on their mental health and has left them feeling anxious, depressed, or hopeless. 21% of UK adults (11 million people) stated that they felt unable to cope due to the rising cost of living crisis.

After a visit to the United Kingdom in 2018, the United Nations Special Rapporteur on extreme poverty and human rights, Philip Alston, expressed great concern that “14 million people, a fifth of the population, live in poverty. Four million of these are more than 50% below the poverty line, and 1.5 million are destitute, unable to afford basic essentials”.

## 7. CONCLUSION

In conclusion, this chapter provides a systematic analysis of key economic, political, and ecological factors underlying the cost-of-living crisis in the UK. Framed within the theoretical lens of social ecological economics the chapter is premised upon the interactive and interdependent relationship between economy, society, and environment. From this perspective, the specific conceptual model developed within this chapter is designed to aid our understanding of the cost-of-living crisis within distinct societal settings. The conceptual model proposed encourages the investigation of interactions between global economic and ecological factors and national economic, political, social, and ecological policies to deepen our understanding of how these interactions shape the social determinants of health and complex inequalities within distinct societal settings. Within a broader global context, the chapter

argues that the impact of the cost-of-living crisis on the profile and depth of poverty and health inequalities in distinct societies is shaped by the economic, social, and environmental circumstances that people experience during infancy, childhood development, employment, environment, and ageing. These circumstances are forged within a broader set of forces and systems including distinct economic policies and systems, political systems and social, health, educational, environmental policies. These specificities are critical to understanding the impact of broader global factors such as the Covid-19 pandemic, Brexit, the ecological implications of climate change and the Ukraine conflict on the cost of living within distinct societal contexts. Evidencing this, the chapter highlights the findings of a burgeoning body of economic analysis conducted during 2021 and 2022 indicating that the cost-of-living crisis in the UK has been significantly worsened by the economic and labour market impacts of the UK's departure from the European Union.

The frightening prospect of a “public health emergency” evoked by NHS leaders in the UK may well emerge because of the cost-of-living crisis in the UK. There is substantial evidence that people living in lower household incomes are already experiencing “huge suffering” as they struggle day after day to adequately heat their homes and provide nutritional food for children and adults in their households. For those who are most vulnerable; older people, disabled people and households living in absolute poverty the prospect of a cold winter is a frightening one as fuel and food insecurity take an unrelenting hold on their lives. As this chapter has shown this will exacerbate existing social and health inequalities. From an ecological perspective the multi-dimensional and interacting relationship between social, economic, and environmental determinants of health inequalities have been forged within a fragile economy in the UK. There is a prominent level of agreement amongst official governmental institutions such as the Office for Budget Responsibility (OBR) and financial bodies such as the Bank of England that the UK will fall into a serious inflationary recession from October 2022 and that this recession will last for at least 18 months. At the time of writing, the International Monetary Fund (IMF) has issued a stark warning the UK Government about the negative economic and social consequences of its current fiscal policies and the Institute of Fiscal Studies have argued that current economic and fiscal policies are “unsustainable” (IMF 2022; Karjalainen, Levell 2022). The sense of financial fear that so many households feel in the UK is palpable, but it is those who are most vulnerable in Britain that will face “huge suffering” as we enter the dark months ahead.

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<sup>1</sup> All links were verified on September 13, 2022.



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