To: Fairer Renfrewshire Sub-Committee

On: 5 February 2025

Report by: Chief Executive

Heading: Cost-of-living Update

---

1. Summary

1.1 At each of the Fairer Renfrewshire Sub-Committee meetings, an overview of key context and evidence around current pressures on household finances, both in terms of household income and expenditure has been provided to members.

1.2 Since the last meeting of the Sub-Committee on 13 November 2024, there have been a number of changes in economic factors including an increase in the Energy Price Cap from 1 January 2025, meaning households are paying more currently for their energy use, while inflation had increased to 2.6% in November 2024, then dipped slightly to 2.5% in December, exceeding the 2% target set by the UK Government. Elected members are asked to note that:

- The rate of inflation is standing at 2.5% in December having decreased slightly from 2.6% in November, and has been above the target rate of 2% set by the UK Government for the Bank of England since October 24, when it reached 2.3%.
- The inflation rate for food has increased slightly from 1.8% to 2% in November and has stayed at this rate in December.
- The current Bank of England interest rate has been held at 4.75% in December, following two falls in 2024.
- The Energy Price Cap, originally introduced by Ofgem in January 2019 to set limits on the underlying rates energy suppliers, is now set at £1,738 from the 1 January until 31 March. This is an increase of 1.2%, although 10% (£190) cheaper compared to January-March 2024 (£1,928) and 57.2% (£2,321) less than during the energy crisis (January-March 2023).

1.3 This paper provides an overview of information collated by officers at both a national and local level where available.

2. Recommendations

2.1 It is recommended that members of the Fairer Renfrewshire Sub-Committee note the content of the report.

3. Background

3.1. At the Fairer Renfrewshire Sub-Committee meeting on 13 November 2024 an overview of key context and evidence around current pressures on household finances, both in terms of household income and expenditure, was examined. Although some aspects of the cost of living crisis have eased, such as inflation rates, the effects are still being felt by households across Renfrewshire.

3.2. On 20 December 2024, the Scottish Government published a paper 'Cost of living – effects on debt: review of emerging evidence', considering the evidence on the effects of the cost of living crisis on problem debt in Scotland. While the report recognises it is difficult to unpick the role of the cost of living crisis in recent increases in household debt from other longer term contributing factors, it does recognise that steep rises in the cost of living not matched by rising incomes have increased the scale of the debt problem by further eroding living standards, reducing financial resilience and negatively affecting household debt affordability. Some households have been disproportionately affected by these developments.

3.3. The report highlights that an increasing proportion of households are struggling to pay bills and pay off debts as a result of cost of living increases. A number of reports published since 2022 show increases in the average amount of unsecured debts and arrears owed. A range of evidence shows that many of these households are becoming increasingly indebted to public bodies, falling behind with priority bills, experiencing hardship and in some cases turning to illegal lenders.

3.4. While more detail on debt nationally and locally is included at part 5, and around energy debt specifically at part 10, the report concludes the cost of living crisis continues to negatively affect the financial resilience of many households, with some households having legacy debt built up that they are unable to pay off, or else are in extreme financial fragility and close to falling into debt.

3.5. Recognising that adverse life events and unexpected costs can push people into debt, the report highlights concerns around further inflationary shocks, interest rate rises and increased debt servicing costs, volatility in the energy market, rising rents and priority bills which can tip those on the edge into problem debt, and further deepen debt levels amongst households already in problem debt.

4. Impacts of cost-of-living crisis

Living costs

4.1. The latest insights into the cost of living from the Office of National Statistics (ONS) for the period 6 November to 1 December 2024 found:

- 21% of adults said they had had to borrow more money or use more credit in the last month compared to a year ago. This is slightly better than the previously reported figure for August 2024, which was 25%. When broken down by age, the highest percentage of 38% was recorded for those between 30 to 49, while 11% of over 70s had to borrow more.

- 56 % reported that costs of living had increased compared with one month ago. This was an increase from the August figure of 49%, while 42% stated it had stayed the same and 2% said it had decreased. Previously figures had shown a gradual decrease since October 2022 when 80% of adults reported an increase in living costs, however this figure has started to rise again from September 2024, with the figure being 52% at end September and 53% at end October 2024.

- For those who reported an increase, costs of food shopping at 92%, (1% less than August) fuel at 41% (a 5% decrease on August figures) and energy bills at 72% (a 22% increase) were the most commonly reported reasons. 15% also reported an increase in rent or mortgage costs.

- Almost 4 in 10 people are spending less on food and essentials and 64% are spending less on non-essentials. 39% report using less fuel such as gas or electricity at home.

5. Employment and Wages

5.1. According to the ONS, the Claimant Count in November 2024, which is taken from JobcentrePlus administration systems, for those claiming unemployment-related benefits in Renfrewshire is 3,520 people – 2,035 men and 1,485 women aged between 16 and 64. This is a reduction from 3,670 in September 2024 and equals 3% of the population aged 16-64%. This is in line with the Scottish figure of 3.1%. The Universal Credit rollout, however, affects this figure, which is expected to rise as individuals migrate to Universal Credit.

5.2. Although average weekly earnings have showed a steady increase over the long term, the ONS has reported that on average regular pay grew more quickly than expected between August and October 2024 as compared to the same period last year, with growth at 5.2% compared to 4.8% between July and October. This means wages are growing significantly more quickly than inflation.

5.3. In the Uk Government's October budget the national minimum wage and national living wage (for those aged 21 and over) announcement for April 2025 was made, with the new rates detailed below.

	NMW Rate	Increase (£)	Increase (%)
National Living Wage (21 and over)	£12.21	£0.77	6.7
18-20 Year Old Rate	£10.00	£1.40	16.3
16-17 Year Old Rate	£7.55	£1.15	18.0
Apprentice Rate	£7.55	£1.15	18.0

5.4. The increase in rates for those under 21 are part of a long-term plan to move towards an adult single rate of national living wage.

Debt

5.5. As mentioned at 3.2 the Scottish Government published a paper 'Cost of living – effects on debt: review of emerging evidence' in December 2024, considering the evidence on the effects of the cost of living crisis on problem debt in Scotland. This report covers a number of areas, including types of debt households are experiencing, types of borrowing and changes in characteristics of those in debt and details are noted below.

<u>Debt Types</u>

5.6. Energy debt levels have nearly doubled in the last 2 years, despite energy prices falling from their peak in 2022. Energy costs remain higher than before the cost of living crisis and those with built up energy debt continue to struggle to pay it off.

5.7. Evidence shows the growth of public sector debt in Scotland and the UK, especially amongst low income households over the past decade. Current estimates are that 6.2 million adults across GB are behind on payments owed to public bodies.

5.8. There is evidence that council tax debt has increased over the cost of living crisis, especially amongst low income households – recent analysis shows that while increasingly fewer households are behind on their council tax compared to 2010/11, the amount those households owe is increasing. The cumulative amount owed in arrears to UK local councils has risen from £1.7 billion in 2004/05 to £5.4 billion in 2022/23. StepChange highlighted that the average council tax arrears per client in Scotland rose 11% over the last year and the average amount of council tax debt owed during the second quarter of 2024 was £2,075, an increase of £204 from £1,871 in the same quarter in 2023.

5.9. The Money and Mental Health Institute (2024) estimate that 1.1 million adults across GB are behind on the repayment of overpaid benefits or tax credits, which are deducted from benefits.

Citizens Advice (2023) reported that households most affected are those with children, and where someone has at least one long-term health condition or disability. Most recent deduction figures for Renfrewshire (August 2024) show that:

- 55% of households in receipt of Universal Credit have at least one deduction, that is 9,100 households, and the average deduction is £67 per month.

- 6,000 households have a deduction repaying an advance of UC which, for example, would be taken to cover the initial period until benefit went into payment. The average deduction is £39.

- 4,310 households have a third-party deduction (deductions for money owed by the UC household to organisations such as energy companies or landlords). The average third-party deduction is £39 per month.

- 4,100 households had a government deduction (deductions for money owed to government organisations such as the DWP or HMRC) average government deduction of £52 per month.

5.10. The report also shows that credit card borrowing is the most common form of borrowing (28%) amongst the Scottish adult population, followed by Buy Now Pay Later (BNPL) (14%), overdraft (13%) and borrowing from friends/family (11%). The use of credit card or BNPL increased from 27% in January 2023 to 33% in January 2024. The findings also show that those ‘managing less well financially’ were especially likely to use a credit card (42% vs 28% overall in September 2024).

5.11. The report also found that low income households use more expensive high cost credit and loans to pay for essentials and can pay a ‘poverty premium’ because they are not able to access mainstream credit such as banks or building societies. Fair4AllFinance (2024) found that 23% of all high-cost loans and 41% of all pawnbroker advances are held by lowest income households, while only 10% of credit cards are. A review of the BNPL market by Money and Pension Service, MaPS (2023) found that adults are increasingly likely to use BNPL for day-to-day essentials and the ‘struggling’ and ‘squeezed’ are more likely to face difficultly managing their BNPL payments.

5.12. Borrowing from friends and family has also increased and it is estimated that over 10 million UK adults had borrowed from friends and family in the previous year. The latest YouGov survey findings for the Scottish Government (September 2024) also show that borrowing from friends/family increased from 9-10% at the start of 2023 to 13% in March 2024. In September 2024 borrowing from friends/family stood at 11%.

5.13. Despite these rises, there is also evidence that borrowing from family and friends may be becoming harder due to the impact of the cost of living crisis on the ability of networks of family and friends to lend money. Although it may seem that way, this type of lending is not always be a harmless route, and can entail paying interest and even threats and intimidation from lenders, and may mask illegal lending activity.

Who is borrowing?

5.14. A range of sources show that social renters are more likely than private renters to have unmanageable debt, or need debt advice (general debt advice, rather than housing related debt advice) but that all types of households who rent their homes are more likely to be in arrears with payments than those who own their home with a mortgage, and considerably more likely to be in debt than households who own their home outright.

5.15. Evidence shows that people of working age, people in low socio-economic groups, renters, ethnic minorities, disabled people and people with ill health are at a greater risk of being in problem debt. However the characteristics of those in debt has changed over the cost of living crisis.

5.16. While households with children are more likely overall to be in problem debt, there is emerging evidence to suggest that single adult working-age households are struggling with debt. These households have long been acutely affected by inadequate living standards, are particularly vulnerable to the cost of living crisis and are increasingly likely to seek support from debt advice services.

5.17. There are indications that problem debt amongst women may have worsened as a result of the cost of living crisis and women are more likely than men to be in debt, with certain groups of women are particularly affected, such as black and minority ethnic women, disabled women, young women, lone parents and mothers of young children. Research by the Scottish Women's Budget Group on the experiences of the cost of living (2023) found that 23% of the women who responded were taking on more debt, with that figure being 40% for single parents.

5.18. There is also some recent evidence that groups of people not previously in debt are at risk of falling into debt, such as mortgage holders and people with higher incomes. Research by MaPS (2023) found that while most people in need of debt advice rent their home from a social landlord or private landlord, a third of the 'at-risk' group have a mortgage (35%). This has been an area of concern for Citizens Advice nationally as well as locally, where Renfrewshire CAB had reported an increase in people struggling to pay mortgages.

5.19. Being in full-time employment does not protect households from financial difficulties and problem debt. Over the last five years, a range of evidence from debt advice services show that an increasing proportion of their clients are in full-time work. Citizens Advice Scotland data shows that most of their debt clients (28% in 2023/24) are those unable to work due to a disability or ill health but this is followed by those working full-time (21% in 2023/24), followed by unemployed clients (15% in 2023/24).

Local picture

5.20. Locally, elected members will note from the Cost of Living Dashboard that the amount of debt under management by both Renfrewshire Citizens Advice and Advice Works was high in Quarter 1, at £2,408,161, while the following quarter it fell to £901,726 which, as elected members will see from the Dashboard, this is more akin to the usual debt levels. For quarter 3, the total debt managed had risen to £1,105,250, again within normal parameters, and the Quarter 1 figure may be an anomaly.

5.21. RCAB have advised, however, that their new debt under management figure this quarter (£391,265) may not show the full picture with regards to debt levels as they are still recovering from the loss of experienced members of staff. This has meant they had fewer slots for new debt cases this quarter. The number of new debt cases for Advice Works in Q3 was 131, down from 153 the previous quarter, although the Christmas period always means figures for quarter 3 are lower, and debt managed was £713,985, up substantially from £391,745 the previous quarter.

5.22. Although numbers of working clients are down this quarter, figures from RCAB show that of the 1,365 clients seen this quarter, 394 were working either full time or part time. This is more than a quarter of all clients seen (28%). Of the 1125 clients Advice Works saw in Q3, 164 were working, so a smaller percentage and down from a high of 200 in Q4 of 23/24.

5.23. At present it is difficult to find a pattern in either numbers of debt clients, numbers of clients working or debt levels. These trends will be monitored over time, however, with further information captured around debt and changes in client type.

6. Benefits

Benefit Take Up

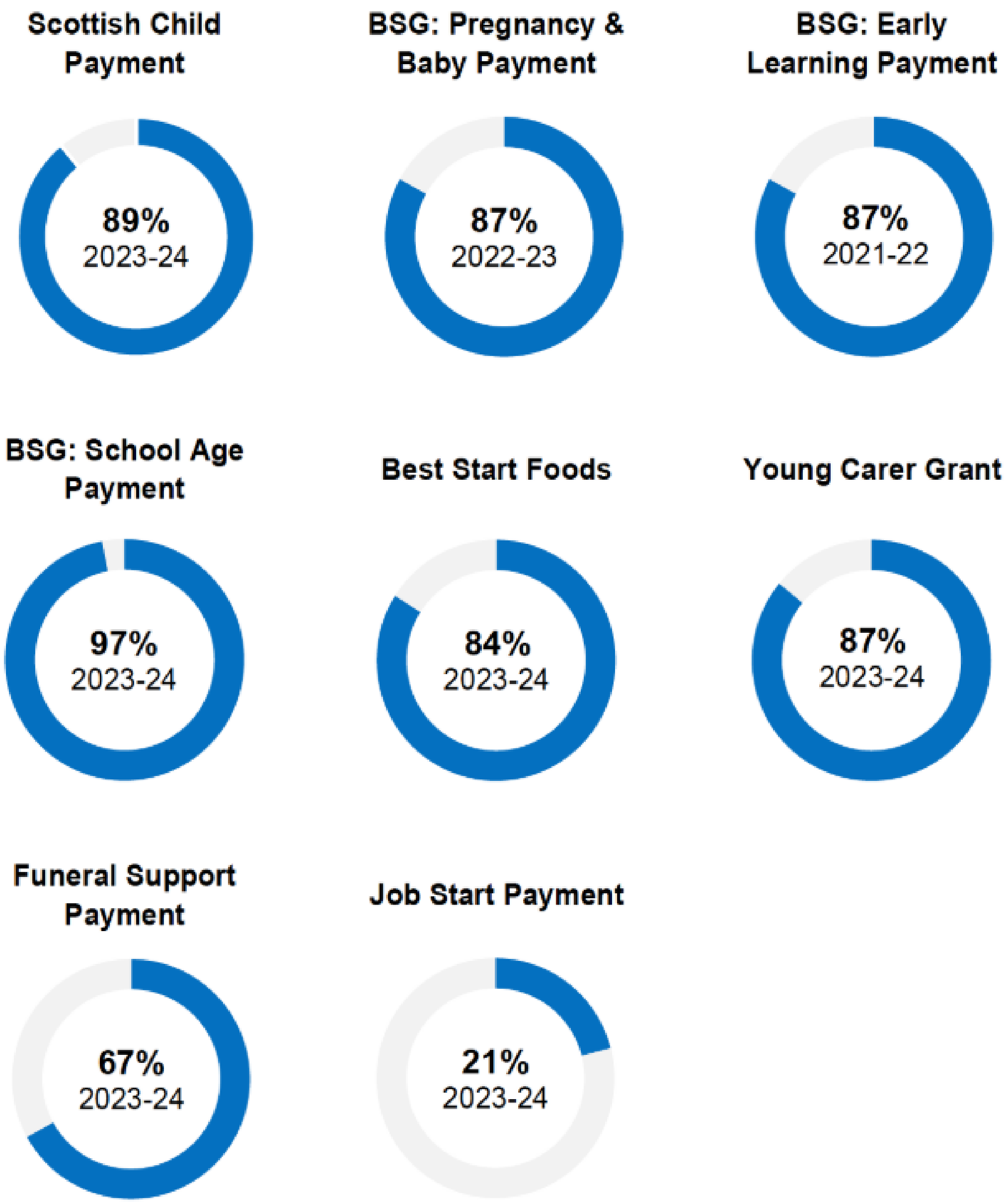
6.1. In November 2024, the Scottish Government published take-up rates of Scottish benefits, covering:

- Scottish Child Payment (including local authority estimates)
- Best Start Grant
- Best Start Foods
- Young Carer Grant
- Funeral Support Payment
- Job Start Payment

6.2. Take up rates are calculated by dividing the number of recipients of a benefit by the number of those eligible. While the number of people receiving the benefits is known, the number of people eligible to claim the benefit is estimated, so the take up rates published are also estimates.

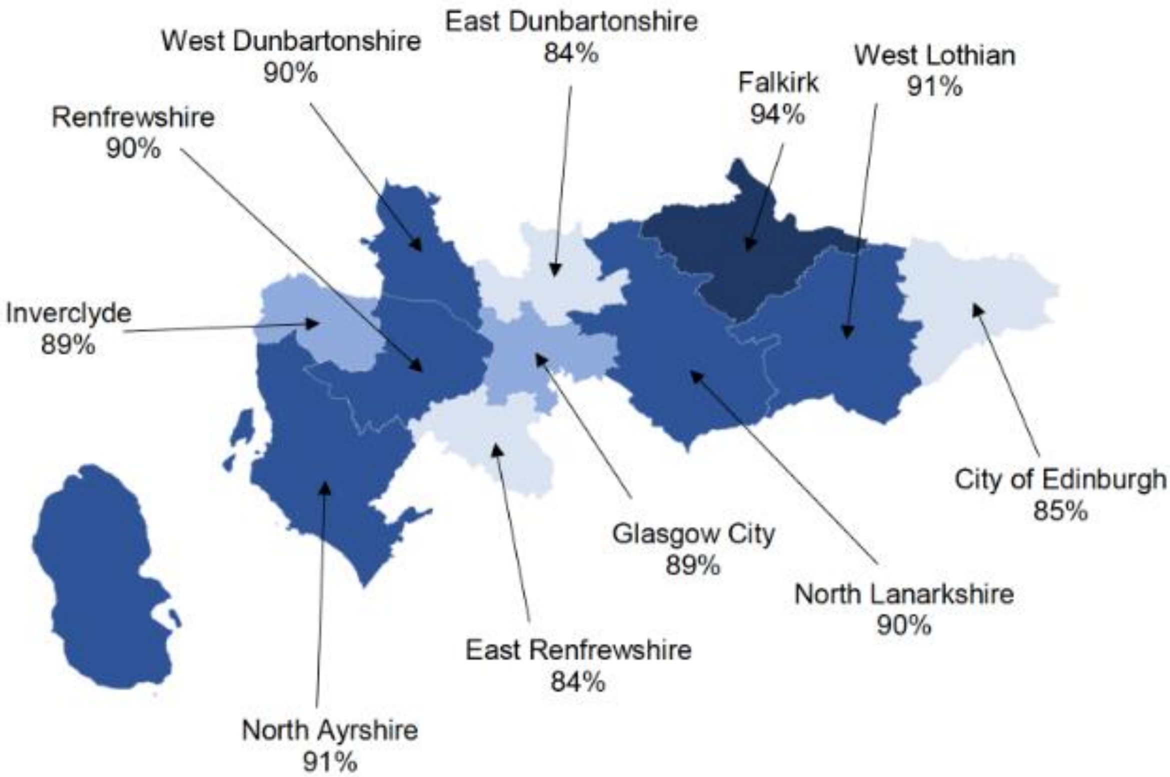
6.3. The rates for Scotland are below, with only the Scottish Child Payment reported on a Local Authority basis.

Figure 1: Take-Up Rates of Scottish Benefits



6.4. From those reported, only the Scottish Child Payment reported on a Local Authority basis. For Renfrewshire, the take up rate of Scottish Child Payment was 90%. This is a similar rate to other local authorities and just above the Scottish Average.

Map 3: Central Region Scottish Child Payment Take-Up Rates



6.5. Some people do not apply for benefits they are entitled to, this could be due to: social barriers (e.g. perceived stigma of applying for benefits), costly or complex access (e.g. complex application process), or a lack of information (e.g. people being unaware of available support).

6.6. Renfrewshire Council's Advice Works service and Council funded Renfrewshire Citizens Advice Bureau (RCAB) work closely with Social Security Scotland to maximise benefit take up of Scottish benefits. Additionally local Social Security Scotland staff are part of the Council chaired Advice partnership and link with many other Council services and 3rd sector organisations.

6.7. The publication of the take up rates allows identification of gaps where residents may need more information and general awareness raising, and also targeting of resources where take up levels are low. The funeral support take up at 67% is low across Scotland. In Renfrewshire Funeral Support Payment information is provided in all in instances when a death is registered and funeral directors also publicise the payment. Advice Works have commented that this is not something they receive many enquiries about, and without knowing the local take-up rate it is difficult to know whether this is a particular problem locally.

6.8. At 21%, Job Start Payment take up is low. Invest in Renfrewshire have identified a number of reasons for this, such as lack of awareness and promotion of the Payment. They consider that many eligible young people and their families are not aware that the Job Start Payment exists and while at Invest they not only promote but help young people navigate the process and help them access their evidence to prove eligibility for the Payment, they feel the current processes can be complex.

6.9. In addition, because the evidence for a claim must be provided by DWP, but the benefit is administered by Social Security Scotland, this can cause an extra layer of bureaucracy and form an additional barrier to claiming.

6.10. Invest also consider that meeting the eligibility criteria can be a challenge as claimants have to be registered as unemployed for 6 months whereas young people tend to move in and out of employment frequently at the relevant age of 16-24, in entry level jobs, so can miss out as a result.

6.11. Invest will continue to work in partnership with DWP and Social Security Scotland to promote this benefit. DWP have also reported that their national teams are engaging with Social Security Scotland on a strategic level to improve take up of the Job Start payment and more locally are working closely with to increase messaging and promotion and are currently working on creating and designing new promotional material which will be available for Work Coach's desks.

Winter Age Heating/Pension Credit

6.12. As previously reported to the Sub-Committee, on 14 August, the Scottish Government announced that due to the change in Block-Grant associated with the change to eligibility for Winter Fuel Payment, the payment in Scotland would also be restricted to those on eligible benefits for Winter 2024/25. On 28 November, the Scottish Government announced that they will provide universal support through the introduction of Pension Age Winter Heating Payments, ensuring a payment for every pensioner household in winter 2025/26. On the roll-out of the new benefit next winter, pensioners in receipt of a relevant qualifying benefit, such as Pension Credit will receive payments of £300 or £200, depending on their age. Meanwhile all other pensioner households will receive £100.

6.13. Since the initial announcement, a significant amount of work was done across Council services and RCAB to ensure those eligible for Pension Credit were encouraged to claim it. Letters have been sent to every household which was in receipt of Council Tax Reduction, but where no Pension Credit entitlement was declared, as these households were most likely to have a lower income. This was done in conjunction with social media posts, pop-up events, such as in the Piazza and at the Gallowhill Community Breakfast, and posters/leaflets being located in community settings encouraging households to contact Advice Works or RCAB for a benefit check.

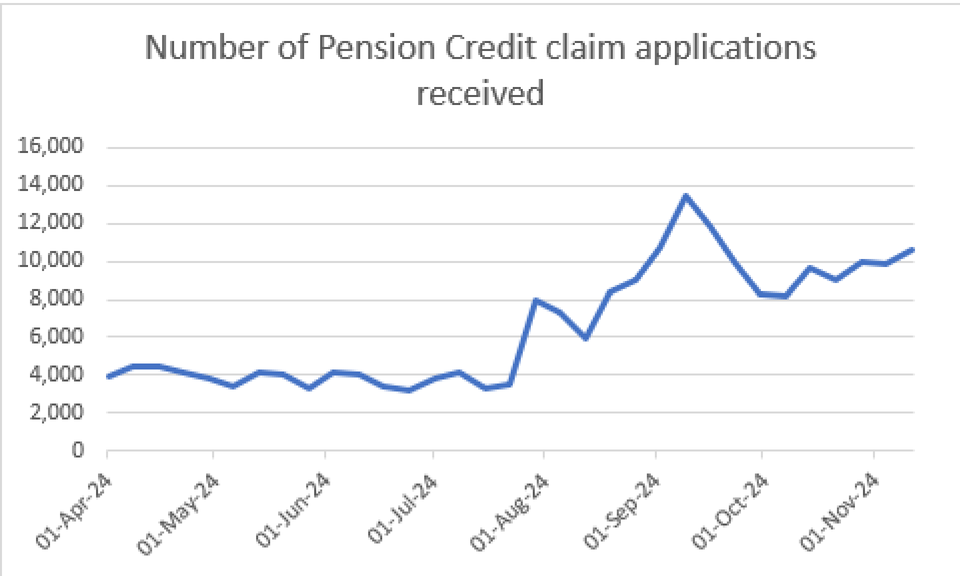
6.14. Advice Works have reported that 107 households have been in contact, explicitly citing either the Council letters, pop-up events or poster/leaflet as the reason for getting in touch. The amount of income generated for these households is currently just over £105,700 but this figure is expected to rise as outstanding decisions for Pension Credit, Attendance Allowance, Council Tax Reduction and/or Housing Benefit are made and recorded. Overall, 381 households, within the 65 years of age or older category, have contacted Advice Works since 1 October 2024 resulting in a total client financial gain for those older adults of over £1million.

6.15. RCAB advised 232 clients over pension age contacted them in Quarter 3, with 124 of them looking for advice in relation to benefits, particularly for help with Pension Credit and Attendance Allowance. A further 36 pension age clients were assisted with enquiries about their energy and energy debt. This was a 100% increase for this age group on the same quarter last year.

6.16. 74 clients of pension age increased their income within this reporting period as a result of this quarter's appointments, resulting in confirmed client financial gains of £126,903. The majority of Pension Credit claims have not been processed due to a backlog (see 6.20) and so this figure is set to rise.

6.17. The DWP estimate that up to 880,000 pensioners UK-wide could be missing out on additional financial support through PC entitlement, worth on average up to £3,900 per year. In Renfrewshire, the initial estimate was that an estimated 2,500 households that could be missing out on Pension Credit entitlement. Although we will have reached some of those, Renfrewshire Council will continue to promote Pension Credit, and will hold further pop-ups in the coming weeks.

6.18. In addition to the work done locally, nationally the DWP sent letters to every household which was in receipt of Housing Benefit, but where no Pension Credit was declared as these households, are again, likely to have a low income. The latest DWP statistics published on 28 November 2024, show the increase and Pension Credit claims corresponding with the initial UK Government WFP announcement on 29 July, the Scottish Government's WFP announcement on 14 August and the increase in local and national media coverage since the announcements and subsequent parliamentary debates and votes.

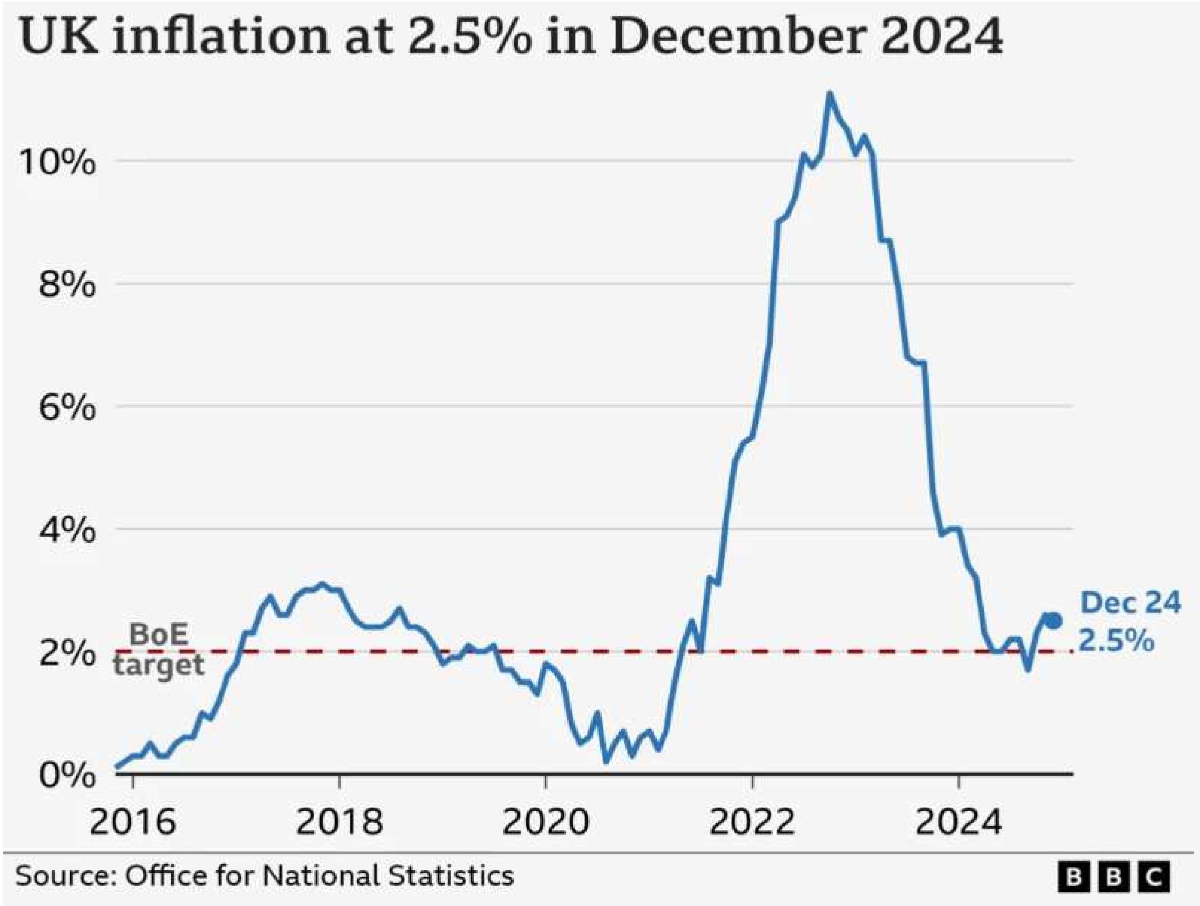


6.19. Between 29 July and 17 November, the DWP received 150,000 claims for Pension Credit, with 95,300 being processed in that time. The proportion of Pension Credit claims being awarded during this period was 44.6%. There is no published data on the number of claims awarded within the same period in Renfrewshire to date.

6.20. Due to increased numbers received, as of 18 November 2024, the average clearance times for Pension Credit claims was 65 working days, compared to 45 days at the end of July 2024, and 91,075 claims were awaiting processing. The DWP currently works to a planned timescale of 50 working days to clear Pension Credit claims. It is therefore likely that many households that claimed the benefit in November or December will receive the decision about whether they are entitled to Pension Credit, and consequently the WFP, in February or March. The DWP have assigned additional staff to tackle the backlog and increased volumes of claims in order to reduce the average clearance times.

7. Inflation

7.1. The rate of inflation is standing at 2.5% in December having decreased slightly from 2.6% in November, and has been above the target rate of 2% set by the UK Government for the Bank of England since October 24, when it reached 2.3%.



7.2. Easing price rises in restaurants, falling hotel prices, and smaller rises in airfares than usual last month helped the overall inflation rate come down, the ONS said. The inflation rate for food, has also increased slightly to 2% in both November and December from the 1.8% reported at the last Sub-Committee.

7.3. The Office for Budget Responsibility had said in October that inflation was likely to pick up to 2.6% in 2025 in part due to the impact of Budget measures announced in October. It expects inflation to remain slightly above the Bank of England's 2% target until 2029.

7.4. The Food Foundation Kid's Food Guarantee has been monitoring the price of baby formula at nine major UK retailers since April 2023. For babies aged under six months, breastmilk or first infant formula for those families reliant on formula are a baby's sole source of nutrition and hydration. However one in four (26%) mothers of babies and infants said they struggled to afford formula in January 2024.

7.5. Reported behaviours to make formula stretch further such as watering down feeds, increasing the time between feeds, and substituting formula with other milks which are not appropriate for babies under 12 months of age, mean that babies in these circumstances are at high risk of undernutrition during a critical period of growth and development.

7.6. The Food Foundation revisited the price of first infant formula brands in October 2024 and found that there had been some positive shifts in pricing with a new own brand first infant formula being launched at Lidl, giving more choice, and one brand (SMA) reducing prices. However, although they found that some progress has been made in driving down the cost of infant first milk, formula prices remain high overall and there is still a concerning variation in pricing across the retailers for individual products and brands.

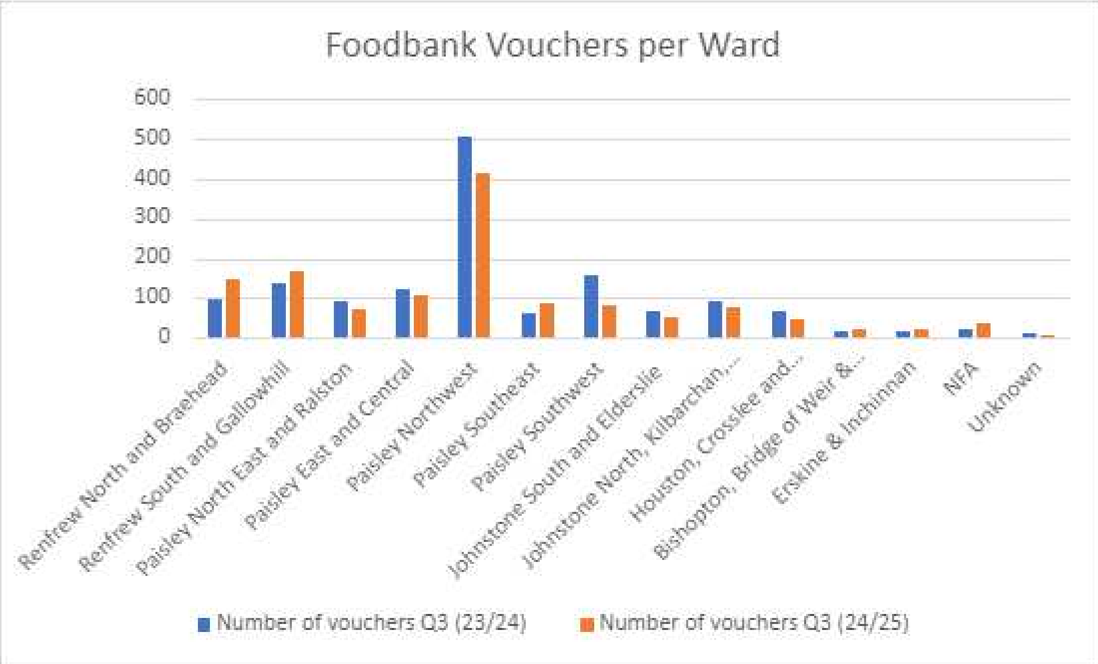
7.7. Renfrewshire Council and HSCP have worked together to set up an Emergency Infant Formula Pathway with the Whole Family Wellbeing team supporting the initial emergency request, and providing further supports for the family with financial and other health and wellbeing issues following referral.

7.8. In Renfrewshire 1,332 Foodbank Vouchers were in Quarter 3, in comparison with 1,456 issued in the same quarter the previous year, a decrease of 8.5%. The vouchers covered 1,705 adults and 782 children this year, which was a decrease in total number receiving assistance compared to the same quarter last year (1,889 adults and 839 children). Year to date, however, foodbank usage has increased 4% compared to the same time last year with 4,054 vouchers as compared to 3,899.

7.9. The decrease in voucher numbers in Quarter 3 may be due to the number of food initiatives in place around Christmas, with charities such as Renfrewshire Food Giveaway providing food parcels to 185 homes, St Mirren's Festive Friends supporting with hot meals and food hampers and larders also supporting families with food for the Christmas period, and for example, picking up surplus food from supermarkets on Christmas eve and redistributing in local areas.

7.10. The rising costs of essentials remains the most commonly cited factor in the reason for voucher issue in Renfrewshire, at 624 times, up from 619 times in Quarter 2 of 24/25.This is compared to the next most cited factors, ongoing impact of physical or mental health condition and Priority debt which were both cited 169 times.

7.11. The table below shows the number of Vouchers fulfilled per Ward in Quarter 3 2024/25 compared to Quarter 3 last year. The most significant numerical jumps in voucher numbers were Renfrew North and Braehead with 50 and Renfrew South and Gallowhill with 31. Paisley Northwest saw numbers reduce by 93, to 413 and Paisley Southwest by 75 to 84.



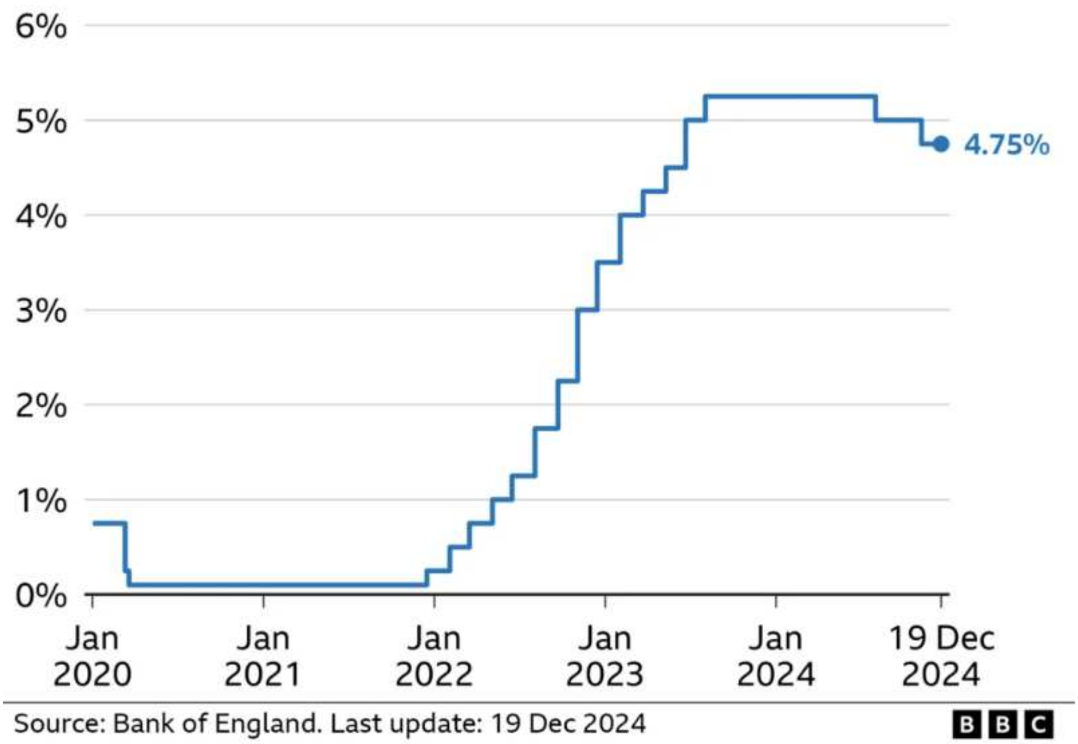
7.12. Renfrewshire Foodbank has recently opened and extended their Paisley distribution on a Wednesday afternoon to 18.45 to ensure people who are employed can access. The figures for those who are in employment who have used the foodbank have this Quarter remained stable at 117.

8. Interest Rates

8.1. The Bank of England uses interest rates to try to keep inflation at 2%. On 19 December 2024, the interest rate was held at 4.75% after two falls earlier in 2024. The first drop in rates for more than four years came in August, followed by another in November. Some analysts predict another cut in February, although borrowing costs remain high for many.

8.2. With the inflation rate rising to 2.6% in November, and only slightly reducing to 2.5% in December, above the Bank of England's target, the Bank has to balance the need to slow price rises against the risk of damaging the economy, and avoid cutting rates only to have to raise them again shortly afterwards.

8.3. After the UK Government's budget in October 2024, there is an expectation that interest rates will be cut more slowly than originally predicted with the Organisation for Economic Co-operation and Development, for example, stating that it would be early 2026 before interest rates would decrease to 3.5%.



8.4. Mortgage costs have been rising despite recent cuts in interest rate, with the average rate on a two-year fixed deal now at 5.5%. Lenders, including Barclays, HSBC, NatWest and Nationwide, have increased the rates charged on new fixed deals recently and for first time buyers all of the cheapest deals on the market, often for those able to offer a large deposit, have risen back above a rate of 4%. As previously reported to elected members, 8 in 10 existing mortgage customers currently have fixed rate deals and around 800,000 fixed-rate mortgages, currently with an interest rate of 3% or below, are expected to expire every year, on average, until the end of 2027.

9. Housing costs

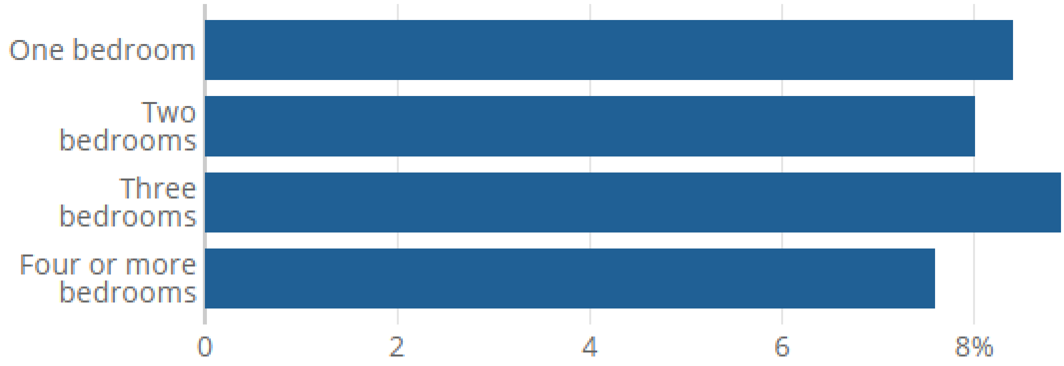
Rental Costs

9.1. According to the ONS, private rental prices in Renfrewshire rose to an average of £777 in November 2024, an increase of £21 per month on the last reported figure of £756 in September 2024 and an annual increase of 8.1% from £719 in November 2023. Average rents as of November 2024 in Renfrewshire/Inverclyde by how many bedrooms there are in a property were:

- One bedroom: £488 (from £474 in June 24)
- Two bedrooms: £648 (from £630 in June 24)
- Three bedrooms: £839 (from £818 in June 24)
- Four or more bedrooms: £1,497 (from £1,465 in June 24)

Change in average rents by bedroom number in Renfrewshire/Inverclyde

Monthly private rental price, annual inflation, November 2024



Source: Price Index of Private Rents from the Office for National Statistics

Home ownership

9.2. House prices have continued to rise and ONS figures show that the average cost of a home in Renfrewshire is now £170,000 in October 2024, up 8.7% from October 23, while, the average price paid by first-time buyers was £138,000 in October 2024. This was 7.8% higher than the average of £128,000 in October 2023. For homes bought with a mortgage, the average house price was £183,000 in October 2024. This was 9.5% higher than the average of £167,000 in October 2023.

9.3. This is less than the Scottish figure, where the average house price in October 2024 was £197,000, up from £187,000 a year earlier.

9.4. According to Adzuna, a recruitment agency, the average salary for jobs advertised in Renfrewshire in November 2024 was £33,971, up from £33,339 in September.

9.5. For each property type, average prices as of October 2024 in Renfrewshire were:

- Detached properties: £352,000 (up from £346,000 in August 24)
- Semi-detached properties: £207,000 (up from £202,000 in August 24)
- Terraced properties: £147,000 (up from £143,000 in August 24)
- Flats and maisonettes: £103,000 (up from £101,000 in August 24)

9.6. According to the Bank of England, more than a million mortgages have been issued in the last 3 years where home buyers will be making payments past state pension age. The latest data shows that two in five new mortgages have terms that see homeowners still making payments in retirement, an increase on the three in ten recorded in 2021.

9.7. According to Steve Webb, a former pensions minister who is now a partner at the pension consultancy LCP, this has profound implications for retirement planning, as it is likely to mean that savers may end up using already inadequate pension pots to clear a mortgage balance.

9.8. UK Finance, the banking and lenders' trade body, said only 3% of mortgage-holders were currently paying off a mortgage after the age of 65. The increase in this figure raises the prospect of some people having to work longer until a mortgage is paid off, although alternatively they may choose to downsize.

10. Fuel – Energy Costs for Households

10.1. Every three months, Ofgem reviews and sets a level on how much an energy supplier can charge for each unit of energy. This is known as the price cap. From 1 October to 31 December 2024, the price cap rose 10%, meaning an average household on typical usage, paying by Direct Debit for dual fuel was paying £1,717 a year, up £149 from the previous cap. The increase was across both unit costs and standing charges. This was followed by a 1.2% increase from 1 January to 30 March 2025, with a rise to £1,738 for the average household.

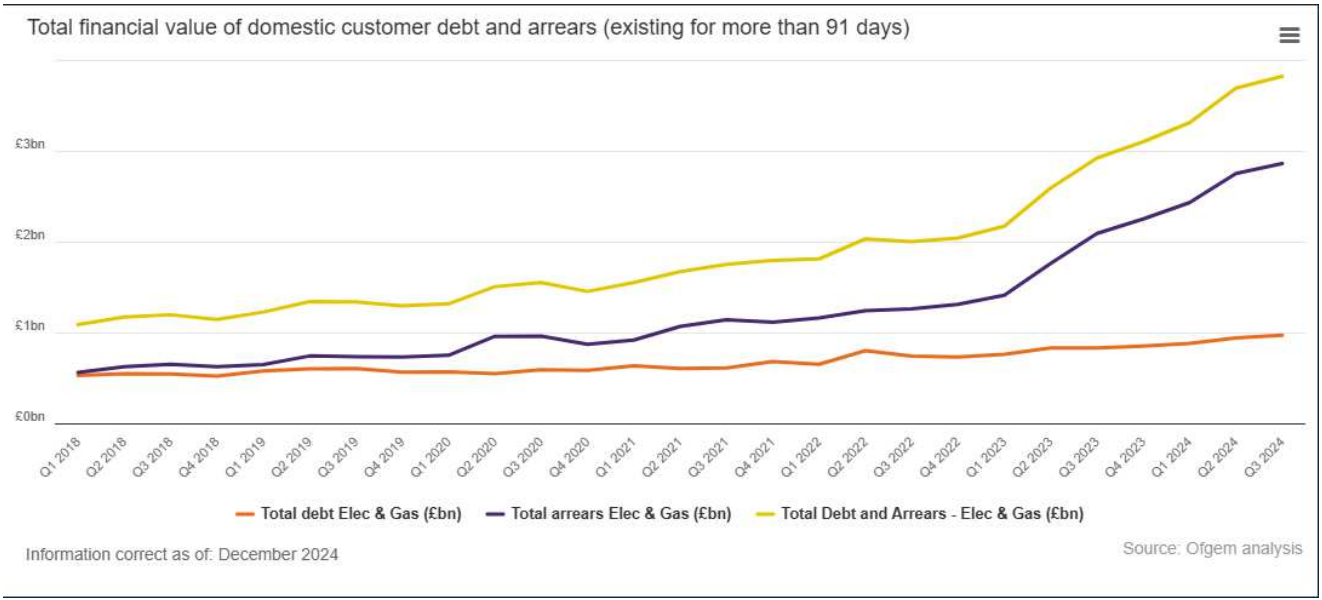
10.2. The Ofgem cap is based on a "typical household" using 11,500 kWh of gas and 2,700 kWh of electricity a year with a single bill for gas and electricity, settled by direct debit. Those who pay their bills every three months by cash or cheque will pay more at approximately £1,851, while households on prepayment meters will pay slightly less than those on direct debit, with a typical bill of £1,690, a rise of £21 from the previous quarter.

10.3. All households pay standing charges for energy. This means that even were they to use no energy at all, there would still be a daily charge to cover the costs of being connected to a supply. The charge is typically 61p a day for electricity and 32p a day for gas, although they vary slightly by region. Under the energy price cap, standing charges have risen by 43% since 2019.

10.4. Recognising an issue, especially for low energy usage households with standing charges, Ofgem has proposed that from winter energy firms must provide a choice of price-capped tariffs from winter 2025, one which has a standing charge and unit rate - as is the case now - and another with no standing charge but a higher unit rate. This would allow customers to choose which tariff would suit them best, with lower usage households benefitting.

10.5. Ofgem previously asked consumers for evidence and input on standing charges, and on 12 December 2024 announced that they would formally consult in 2025 on introducing an option under the price cap to include zero standing charge tariffs alongside existing tariffs, offering consumers the ability to choose what is right for them.

10.6. Alongside the announcement about the consultation, Ofgem also set out its debt strategy which aims to tackle the growing impacts of rising debt in the energy system, and to create lasting change in the way debt is managed and customers in debt are supported. As was reported to elected members in September 2024, Ofgem data indicates that the number of accounts behind on their gas and electricity bills has reached the highest level since records began in 2012. Since then, levels have continued to rise with most current levels indicated below. The amount of money owed to suppliers by customers has nearly doubled in two years, now totalling about £3.8bn.



10.7. The regulator is proposing to introduce a clear Debt Guarantee as part of its drive to improve the standard of service offered by suppliers supporting people in debt. This will mean customers can expect consistent, compassionate and tailored support that helps them to manage their debt or arrears. The changes could also include:

- introducing new rules to make the ability to pay assessments more consistent across suppliers, ensuring that consumers are able repay their debts in an affordable and sustainable way
- requiring suppliers to accept debt repayment offers from reputable third parties, such as debt advice agencies or consumer organisations. This would make it easier for households struggling with their bills to get help and improve collaboration between suppliers and third parties
- making our rules tougher on suppliers' processes for working with third parties acting on behalf of consumers and developing best practice guidelines with the sector on how this works on the ground
- improving how suppliers can help consumers struggling with their bills access additional support they may need from a different organisation

10.8. Again consultation is taking place around debt including a debt relief scheme to help deal with the current unprecedented levels of energy debt and the new standards of debt support and will close on 6 February 2025.

11. Census information

11.1. Although the most recent census was conducted in 2022, preliminary results have only recently been made available. In November 24, SHERU, the Scottish Health Equity Research Unit published a report looking at changes in Scotland’s health and socioeconomic inequalities since 2011. It found that the Scotland of 2022 continues to be characterised by inequities in health outcomes, with life expectancies in the wealthiest parts of the country exceeding those in the poorest by more than a decade. These inequalities have failed to improve since 2011, growing by only a few months for men and women alike. This stagnation in health outcomes is paralleled by a stagnation in average household incomes, which grew by only 4% in real terms over the decade.

11.2. The report examines socioeconomic determinants of health, including demography, disability, housing, education, and work by area deprivation from the Scottish Index of Multiple Deprivation (SIMD). The report findings include:

- People in Scotland in 2022 were more likely to report that they are in poor health than they were in 2011. The gap in outcomes between deprived and non-deprived areas has widened since 2011. The number of people with mental health conditions has increased over the decade, especially among young women.
- People are more likely to exit the labour market to care for their home and family or due to ill health, with unpaid care growing between 2011 and 2022. People in deprived areas are significantly more likely to be economically inactive to care for their home or family, more likely to provide unpaid care in general, and more likely to spend more than 35 hours a week on caring responsibilities compared to people in non-deprived areas.
- Migrants and people from ethnic minority groups were more likely to live in the most deprived 20% of areas than the general population. People from Black African and Polish backgrounds were the most likely to live in deprived areas, with well over a third of their communities residing in these neighbourhoods. Ethnic minorities (including white minorities) now make up nearly 12% of the Scottish population, and 10% of the Scottish population is foreign-born. In cities, this proportion was much higher.
- People in Scotland, on average, were more likely to have earned a degree-level qualification or equivalent, although people in deprived areas are still more likely to have no qualifications than a university degree.
- Home ownership rates are broadly similar to 2011 although people in deprived areas are less likely to own a home than people from non-deprived areas, and slightly less likely to own a home than they were in 2011. While people are less likely to live in overcrowded homes overall, people in deprived areas are more likely to live in overcrowded homes than the general population, although this has dropped substantially since 2011.

11.3. In the coming months, the census is set to release datasets which combine multiple census variables, allowing SHERU to expand upon their recent report, creating a fuller picture of how health and the socioeconomic determinants of health have changed over a decade.

Implications of the Report

1. **Financial** – There are no financial implications associated with this report, which provides an overview of the position and is for noting.

2. **HR & Organisational Development** – none

3. **Community/Council Planning –** This report provides a detailed summary of the current evidence relating to household income and expenditure. Wider poverty related issues are a key element of both the Council and Community Plan and the information included within this report is part of the wider Strategic Needs Assessment for these plans.

4. **Legal** - none

5. **Property/Assets** - none

6. **Information Technology** - none

7. **Equality and Human Rights –** The report provides an overview of the position around household income and expenditure, and is for noting. As such there are no impacts arising from the recommendation of this paper. It is however important to note that impacts on households explored within this paper are likely to be disproportionately felt by equality groups.

8. **Health and Safety -** none

9. **Procurement** – none

10. **Risk** – none

11. **Privacy Impact** – none

12. **Climate Risk - none**

13. **Children's rights –** the articles within UNCRC underpin the work that is being progressed in Renfrewshire through the Fairer Renfrewshire programme, particularly in relation to rights in relation to aspects such as life, survival and development, food, clothing and a safe home and supporting the best interests of the child and their families. Child poverty and family wellbeing are key local partnership priorities.

14. **COSLA Policy Position** – none

Author: Diane Dunn, Fairer Renfrewshire Lead Officer, diane.dunn@renfrewshire.gov.uk