

Outlook for Winter 2024/2025

Inflation in the UK, though easing, has driven up the cost of essential goods and services, squeezing household budgets and reducing disposable income. This makes it harder for households to afford energy bills, especially as food and other essentials take priority. Housing costs are an important driver of falling living standards, with rents rising in real terms. Households continue to spend the highest proportion of their weekly expenditure on housing, fuel and power, and transport. While the number of low income households in Fife has been increasing, levels of fuel and food poverty, and public sector debt have been reducing.

Household income

- Incomes remain lower in Fife, with cost of goods and services reducing the amount of disposable income available to households.
- Average disposable income in Fife is £18,299 compared to £19,630 for Scotland
- Median annual household income in Fife is £34,427 (lower than Scotland, £35,518)
- 56.5% of Fife households earn less than £40,000 per year
- 21.6% of Fife households are in the £40,000 to £59,999 income bracket.
- 21.9% of Fife households earn more than £60,000 a year (Experian)

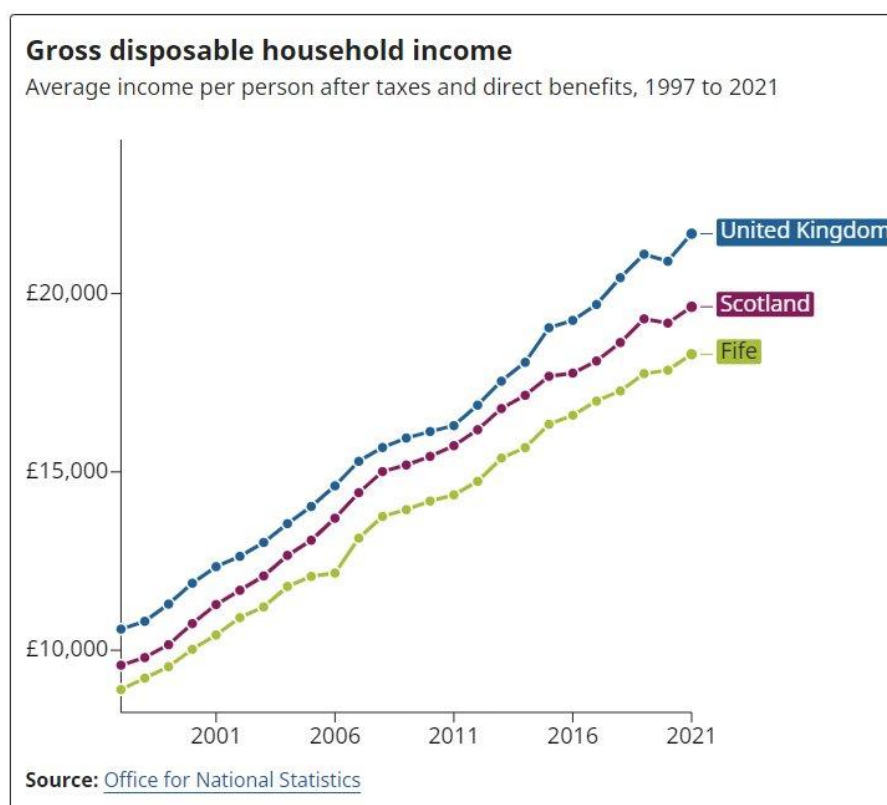


Figure 1 – Gross disposable household income over time, Fife, Scotland, UK (ONS)

Housing Costs

- Housing costs are an important driver of falling living standards, with rents rising in real terms
- The average house price in Fife has risen from £170,000 to £182,330 over the last 18 months.
- Average house prices range from £77,020 (one bed) to £650,000 (five bed property).
- The greatest volume of house sales is for two (average £126,842) and three bed properties (average £179,574).
- While the average market rent in Fife is £767 per month, the average live asking rent is £1,118.83.
- Rents range from £383 for a studio apartment to £2,080 per month for a five bedroom property.
- The average rent of a two bedroom house is £1,074 per month.

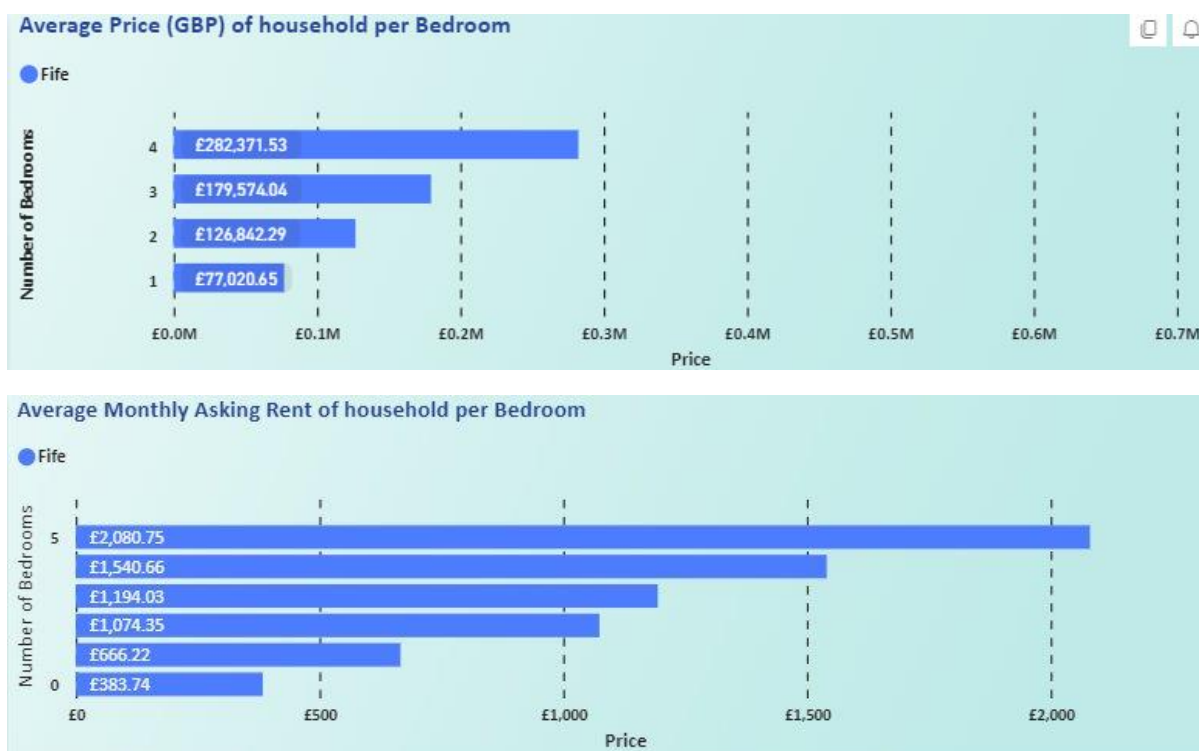
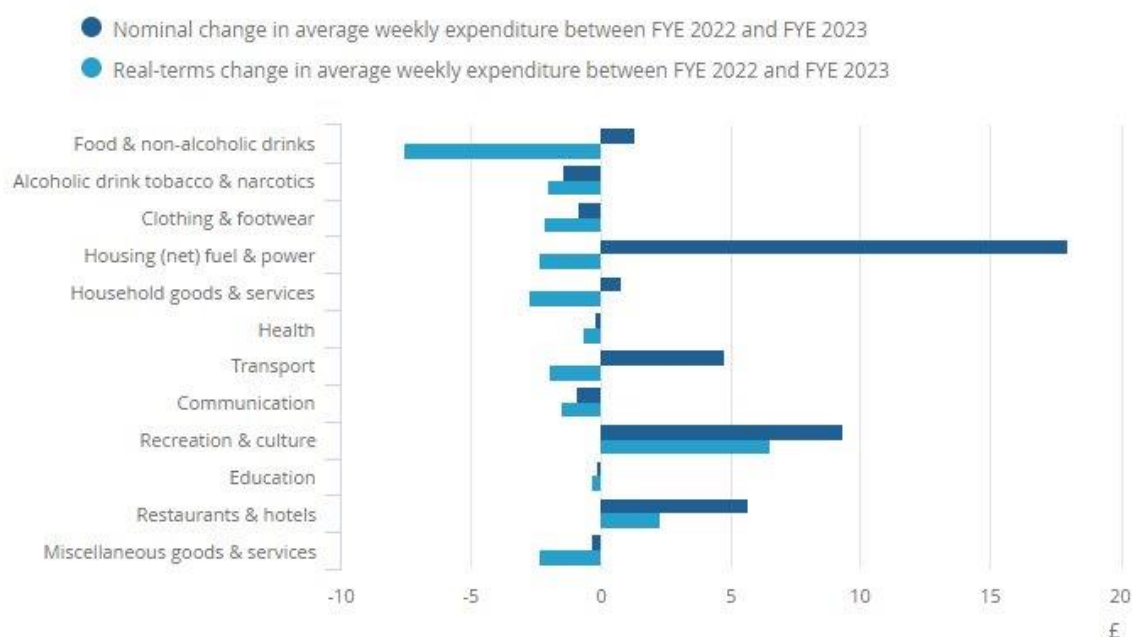


Figure 2 – Average house prices and rents by bedroom size, Fife, Local ID Dashboard (Atkins-Realis)

Family Spending in the UK

- Between April 2022 and March 2023 there was a notable increase in the cost of living across the UK, while employees' average total pay fell by approximately 3%
- During FYE 2023, UK inflation rates rose significantly. Energy price inflation peaked during this period because of increased wholesale gas prices (War in Ukraine), and food price inflation was at its highest rate in over 40 years.
- In the UK, average weekly household real-terms expenditure decreased by 4% during FYE 2023 and remains below pre-COVID levels
- After adjusting for inflation, average weekly spending decreased across most expenditure categories, particularly for food and non-alcoholic drinks
- Households continue to spend the highest proportion of their weekly expenditure on housing, fuel and power, and transport

Change in average weekly household expenditure, by COICOP categories, UK, financial year ending (FYE) 2022 to FYE 2023 in nominal and real-terms



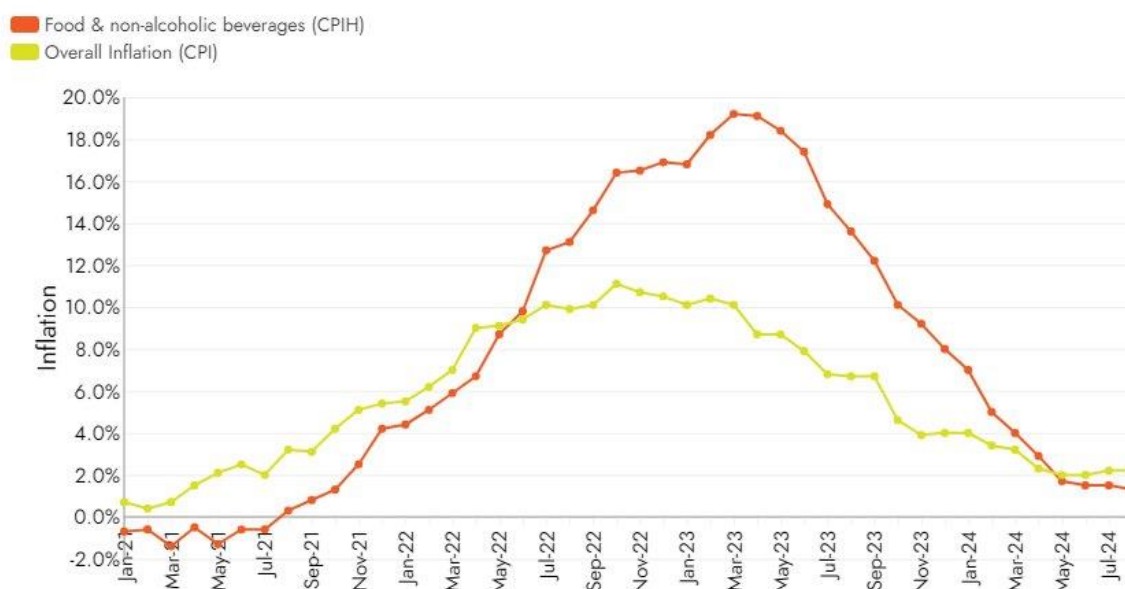
Source: Living Costs and Food Survey from the Office for National Statistics

Figure 3 – Change in average weekly household expenditure on different categories of goods and services [Family spending in the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/family-spending-in-the-uk)

Food

- Following the highest rates of food inflation in 40 years in 2023, food inflation is stable at 1.5% (ONS, CPI)
- UK grocery inflation has risen for the first time since March last year, returning to the rate seen before the start of the cost of living crisis.
- Supermarket prices were 1.8% higher than a year ago in the four weeks up to 4th August, up slightly from 1.6% in July, showing similar findings to the ONS measure of inflation (according to new data from Kantar)
- A study by BravoVoucher predicts that the cost of everyday food items is set to surge by 2030.
- Between 2019-2024, the biggest price change was for olive oil (up 113.8%), followed by baked beans, granulated white sugar, still mineral water and plain biscuits.
- Products like olive oil are expected to reach between £9.05 and £17 per bottle, and baked beans could cost around £1.77 per tin by 2030
- One in three parents report that their children are eating less fruit than a year ago, with 34% buying less fruit overall (Fareshare/Food Foundation)

Overall Inflation vs Food Inflation



Source: [ONS, Consumer price inflation tables](#)



Figure 4 – Overall inflation versus food inflation over time [Food Prices Tracker: August 2024](#) | [Food Foundation](#)

Fuel

- The average UK household responded to a rapid rise in energy prices in 2023 by reducing their usage
- The energy price cap rises by 10% from October, an increase of £149 per year on typical household energy bill
- Rising costs will further squeeze household budgets and reduce disposable income.
- There is a legacy of consumer energy debt with many households struggling to pay their energy bills, as food and other essentials take priority.
- Those with low incomes are often those with higher energy needs – those with disabilities, chronic health conditions, the very young and older people
- Winter Fuel payments for older pensioners are no longer universal, a loss of between £200-£300 a year. Only those in receipt of pension credit will now be eligible.

How the energy price cap has changed

Typical household's energy bill*



*For a typical household on a price-capped, dual-fuel tariff paying by direct debit

Source: Ofgem

BBC

Figure 5 – Infographic showing how the energy price cap has changed over time (Ofgem, BBC)

Low Income Households

- As at August 2024, there are now 33,770 low income households in Fife (identified through LIFT system as being in receipt of DWP benefits, Council tax support, Housing Benefit, in arrears on rent or council tax). This is an increase from 31,230 low income households in November 2023.
- 54.3% (18,336) are in relative poverty (living below the poverty line of less than 60% of median UK household income). This is an increase from 53.6% (16,742) (Nov 23)
- 60.5% (20,424) are in fuel poverty (household income after fuel expenditure would bring their income below the relative poverty line). This is a decrease from 64.0% (20,000) (Nov 23)
- 10.8% (3,652) are in food poverty (household total minimum acceptable food poverty - food expenditure (based on Minimum Income Standard) is higher than the income after priority costs). This is a decrease from 13.5% (4,205) (Nov 23)
- 16.2% (5,465 low income households) are in debt to the council. This is a decrease from 22% (6,875) (Nov 23).
- The majority of those in debt to the council have Council Tax Arrears. The number of low income households in council tax arrears has reduced from 6,479 in November 2023 to 5,112 in August 2024.

About this briefing

This briefing provides an update on factors affecting the cost of living at national and local level.

Sources

- Household income (Experian) - Local ID Dashboard for Fife, Atkins-Realis
- Average rents and house prices – Local ID Dashboard for Fife, Atkins-Realis
- Family spending in the UK (ONS) [Family spending in the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/employment-and-labour-markets/earnings-and-wages/family-spending-in-the-uk)
- Food Prices Tracker [Food Prices Tracker: August 2024 | Food Foundation](https://www.foodfoundation.org.uk/food-prices-tracker-august-2024)
- BBC [What is the energy price cap and how much are gas and electricity bills going up? - BBC News](https://www.bbc.com/news/health-67844444)
- Low Income Family Tracker – Fife LIFT Dashboard

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