



**Winter is Coming: It's  
time to Turn the Tide**

The cost of living crisis.

Wilson Colley and Caroline Robertson, Citizens Advice North  
Lancashire

# Executive summary

The Government has put the cost of living at the centre of its agenda. It has cut VAT on electricity bills, capped bus fares at £2 and pledged £442 million to tackle rough sleeping, with more expected as Prime Minister Andy Burnham tours the country on his cost of living campaign.

These steps are welcome, but they do not yet turn the tide. Every day our advisers see people cutting back on heating, skipping meals and falling behind on rent. Between 1 April and 30 September 2026 we helped 3,898 clients with 12,765 issues. In those six months alone we have already helped more than half the number of clients with debt, benefits and housing problems that we helped in the whole of 2025/26 [17]. Advice works: nationally, every £1 invested in Citizens Advice delivers £20.80 in economic and social benefits [9]. But advice cannot turn the tide on its own.

In this report we call on the UK Government to plan ahead for winter in the Autumn Budget, and to turn the tide on three pressures that our clients face:

**Energy.** The UK's largest energy companies are reported to have made around £125 billion in profit since the start of the energy crisis [1]. Many of our clients cannot afford to heat their homes and are sinking deeper into energy debt.

**Housing.** Rents keep rising while Local Housing Allowance (LHA) has been frozen since April 2024. In Lancashire, 65.8% of Universal Credit households receiving help with housing costs do not have their rent covered by LHA [14].

**Cost of living.** Food prices are up 30.1% since April 2022 [2]. Our clients are skipping meals, building up debt and relying on food banks and food clubs.

## **Our six months in numbers (1 April to 30 September 2026) [17]**

- **3,898 clients and 12,765 issues**
- **£3,647,589 in income gains and £1,865,048 in debt written off for our clients**
- **68% of clients live with a disability or long-term health condition; 58% are women**
- **Most common issue areas, by clients: benefits and tax credits (1,642), charitable support and food banks (702), debt (662) and housing (632)**



# Policy recommendations



**To turn the tide, the Government should:**

- **Energy:** reform the Warm Home Discount, deliver the Debt Relief Scheme, and protect Warm Homes Plan funding.
- **Housing:** unfreeze LHA and relink it to local rents, invest in social housing, and set out a long-term strategy to end rough sleeping and homelessness.
- **Cost of living:** introduce Universal Free School Meals, fund holiday food support, provide free vitamins for expectant mothers and under-5s, and replace the Universal Credit five-week wait with upfront grants.



# Energy

# Energy

Energy bills have hit households especially hard. The Ofgem price cap on gas and electricity rose 13% to £1,862 a year for a typical household [3], with a further 4% rise from October [4]. The cap affects 22 million households [5]. The Government's VAT cut on electricity will take only around £45 to £50 off bills, far less than the increases, and does nothing for gas. Our most vulnerable clients will again be forced to choose between heating and eating this winter.

The health risks are serious. The UK Health Security Agency warns that cold weather can trigger heart attacks, strokes and respiratory problems, and can worsen chronic conditions [6]. Three cold episodes between November 2024 and January 2025 were linked to an estimated 2,544 excess deaths [7]. With 68% of our clients living with a disability or long-term health condition, a cold winter is a real danger for the people we help.

Energy debt is the other lasting damage. Nationally it is now the biggest named debt issue Citizens Advice helps with [8]. Average energy debt per client has risen to £1,789, up from £1,488 a year earlier, and domestic energy debt across the market is estimated to have hit a record £6 billion [9]. Locally, 215 clients came to us with fuel debts in the six months to September, before the coldest months had even begun [17]. Energy debt causes anxiety, worsens mental health and leaves people with no clear way out.

## **ALL NAMES HAVE BEEN CHANGED TO PROTECT IDENTITY**

**Becca's story.** Becca is a single mother with chronic physical and mental health conditions. She is out of work and receives benefits. When she could not keep up with her energy payments she fell into debt, and her supplier tried to fit a prepayment meter against her will. Becca's medication must be kept refrigerated at all times, so losing power would have put her health at risk.



**John's story.** John has moved house several times in recent months. His supplier is holding credit on his account at a previous address, yet is still making him set up a repayment plan for arrears on his current account. On a low income, the plan is putting him under strain and causing him anxiety, and the supplier has offered no explanation.

# Energy

**Evie's story. Evie cannot afford to clear the arrears on her energy account. She has asked her supplier more than once for a smart meter but still does not have one, so her bills are based on estimates. The debt has caused her significant anxiety and she feels unable to find a way out.**

Further volatility in energy markets looks likely, and energy costs feed through into inflation [10], pushing up the price of everything else. Without action before winter, many of the most vulnerable people in our communities will be in crisis.

To turn the tide on energy, the Government should:

- Reform the Warm Home Discount. The discount has been £150 for over a decade and has not kept pace with prices. Citizens Advice modelling with IPPR and Policy in Practice shows tiered support averaging £360 for the 5.6 million households on means-tested benefits would lift 600,000 households out of spending more than 10% of their income on energy. It would cost around £2 billion a year and should be paid for through taxation, not energy bills [9].
- Deliver the Debt Relief Scheme. Ofgem's scheme to write off eligible debt from the last energy crisis has been delayed for too long. The first phase is estimated to cost £500 million and could be funded from the windfall profits made by network companies [9].
- Protect the Warm Homes Plan. The Government should keep funding home retrofits to cut bills for good, and protect the funding for the upcoming Fuel Poverty Scheme.



**To turn the tide on energy, the Government should:**

- **Reform the Warm Home Discount.**
- **Deliver the Debt Relief Scheme.**
- **Protect the Warm Homes Plan.**



# Housing

# Housing

Home ownership is almost entirely out of reach for the average earner. The average UK house price was £268,000 in March 2026 [11], while average regular earnings in January 2026 were around £680 a week, or roughly £35,400 a year [12]. House prices have long outpaced both wages and inflation [13]. For people on benefits or low incomes, a deposit and mortgage repayments are simply not an option.

That leaves renting. The average private rent in the UK was £1,381 a month in April 2026 and is still rising [11]. LHA, which sets the housing support for private renters on Universal Credit, has been frozen since April 2024 and is still based on rents from September 2023 [9]. Nationally, 58% of private renters on Universal Credit now have a gap between their LHA and their actual rent [9]. In Lancashire the figure is higher, at 65.8% [14]. Clients in this position often put rent before food and energy to avoid eviction, which risks their health and builds arrears they cannot clear. With so little room in their budgets, they cannot save or plan ahead.



The pressure shows in our own caseload. The number of clients we help with housing issues has risen from 729 in 2021/22 to 1,249 in 2025/26, an increase of 71%, and 632 clients came to us with housing issues in the first six months of this year alone [17].

Insecurity also forces people to put up with unsuitable homes, with serious consequences for their health. Awaab's Law is a welcome step, but we still see these problems among our clients.

Social housing is not filling the gap. Authorities with significant council housing, such as Lancaster district, have long waiting lists, and for many people in need social housing is simply not available. ONS analysis published in 2025 found that the number of households assessed as homeless and owed settled accommodation had reached its highest point in six years, and the number in temporary accommodation its highest ever [15]. Councils cannot tackle this without more Government support.

We welcome the Prime Minister's £442 million to stop rough sleeping before Christmas. It is also an opportunity to set out a long-term strategy: more funding for councils' homelessness services, and major investment in social housing, so that shelter can become stable, settled homes. Support must also be fairer. In North Lancashire we have seen people wrongly labelled 'intentionally homeless', or left without help despite being highly vulnerable.

**Gethin's story.** Gethin is elderly and frail and lives in unsanitary, hazardous accommodation that puts him at risk of illness and falls. He is high on the council's bidding list only because an adviser stepped in. The council's housing manager told him to apply to the homeless team, but the forms and a face-to-face assessment, which repeated questions he had already answered on his homelessness and Ideal Choice applications, were gruelling and demoralising. His application was rejected and his situation has not changed.

# Housing

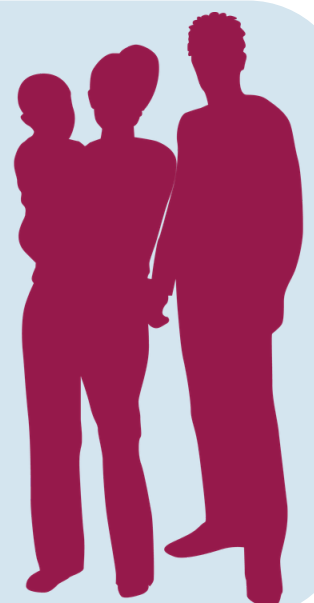
**Social Housing** is failing to support the shortfalls of the housing market. A lack of supply and significant demand means that the, relatively few, authorities with significant council housing stock, such as Lancaster district, have significant waiting lists. As a result for many needing it, social housing simply isn't available.

The dysfunctional nature of the housing market has had drastic consequences for **homelessness**. According to the Office for National Statistics in 2025 the number of households assessed as homeless and owed settled accommodation from their local authority people reached its **highest point in six years** and the number of people in temporary accommodation reached its highest point ever[16]. Homelessness is a devolved issue, handled by Local Government, but cash-strapped councils cannot be expected to secure sufficient resources to effectively tackle this issue without more Government support.

Fortunately, it seems that Government support is forthcoming as PM Andy Burnham has announced **£442 million** in a push to stop rough sleeping ahead of Christmas. Citizens Advice North Lancashire absolutely welcomes this initiative as a crucial step for saving lives this winter. However, this could also provide an opportunity to **establish a long term strategy** to end homelessness and rough sleeping. Greater funding to Local Authorities' homelessness services alongside significant investment in Social Housing could allow authorities to keep providing shelter to rough sleepers and provide stable settled accommodation in the long term.

It is also important that the provision of homelessness support is reformed. In North Lancashire we have seen cases of individuals labelled by the Local Authority as 'intentionally homeless' that are in fact do not fit this category or are highly vulnerable and require continued support but have been abandoned by their Local Government.

**Paige's story.** Paige is a single mum who has been sofa surfing with her infant child for two years. The homelessness team offered her a property, but she turned it down because it was close to her abusive ex-partner. She and her child are still homeless and cannot are struggling to access homelessness support.



# Housing



Abi's story. Abi bought her electricity through her landlady, using cards. The landlady cut off the power, claiming Abi did not spend enough, and when Abi asked for it to be restored she sent relatives to the property. Intimidated, Abi left with none of her belongings and is now homeless. She feels too threatened to go back and collect them.



To turn the tide on housing, the Government should:

- Unfreeze LHA and relink it to local rents. LHA should be uprated to the 30th percentile of local private rents and kept there permanently, so that housing support matches what rents really cost [9].
- Invest in social housing. Significant funding for councils to build and retrofit social homes would create suitable, settled housing and cut waiting lists.
- End rough sleeping and homelessness for good. The Government should publish and fund a long-term strategy that goes beyond this winter, delivers the plan to end rough sleeping before Christmas, resources councils properly, and ensures fair assessments for vulnerable people, including survivors of domestic abuse.



**Cost of living**

# Cost of living

Food prices have risen 30.1% since April 2022 [2], a steep rise for households already struggling to cover the essentials. The Food Foundation estimates that 12.2% of households, including 6.5 million adults and 2.2 million children, were food insecure in June 2026 [16].

We see this every day. In the six months to September, 702 clients came to us for charitable support or food bank help. That is already 61% of the total for the whole of last year [17]. Our clients are also turning to the Crisis and Resilience Fund, which was our third most common benefits issue, with 449 issues [17]. Behind many of these figures is a household where income has not kept pace with costs. Personal Independence Payment is our most common benefits issue (850), followed by general benefit entitlement (619). Our most common debt issues are Debt Relief Orders (297), debt assessments (291) and fuel debts (215), followed by council tax arrears (192) [17]. Over the same six months we helped clients write off £1.87 million of debt [17].

Food insecurity is a risk to health. It pushes people towards cheaper, less healthy food, which raises the risk of cardiovascular disease, obesity and other conditions, and leads some to skip meals, causing exhaustion, poor concentration and a greater risk of deficiencies and chronic illness.



Food prices are not the only cause. When clients are in arrears on energy or rent, food is the first thing to go. High energy bills also limit how people can cook, forcing some to rely on a kettle or microwave because using an oven is too expensive. Parents may skip proper meals so they can prioritise feeding their children and pets. Food insecurity also spikes in the school holidays, when parents who rely on Free School Meals suddenly need to find the money for extra food.

The benefits system can make things worse. Nationally, 64% of people Citizens Advice helps with Universal Credit advance deductions also needed a food bank referral [9]. Waiting five weeks for a first payment pushes people into debt from the very start of their claim.



**Karen's story.** Karen has recently moved into a house share, the first place she has lived in for a long time, with no bedroom furniture or clothing. Physical and mental health problems keep her from work, so she relies on several benefits. Her Universal Credit was stopped after she could not provide bank statements: she could not access them online, and a broken ankle meant she could not get to her local branch. The claim has now been reinstated, but she had to prioritise arrears that built up while it was stopped, and could not afford food. The food bank could offer only limited help because she has no cooker. Her mental health has worsened and she fears the same thing could happen again within six months.

# Cost of living

**Phil's story.** Phil's Universal Credit was stopped because he could not provide all the information the Department for Work and Pensions required, due to digital exclusion. Without it, he has had to rely on food banks.



**Helena's story.** Helena is a single parent of young children. She has PTSD, anxiety and depression and does not work. High food costs mean she struggles to feed her children in the school holidays, particularly now that voucher support from the County Council has ended. She has turned to Morecambe Bay Foodbank for emergency help but is still struggling.



**To turn the tide on the cost of living, the Government should:**

- **Introduce Universal Free School Meals, so that no child goes hungry at school.**
- **Fund holiday food support for vulnerable families during school holidays.**
- **Provide free vitamins to expectant mothers and children under 5, to prevent deficiencies caused by limited diets.**
- **Replace the Universal Credit five-week wait with upfront grants, so that people do not start their claim in debt [9].**

## What We're Hearing on Reception:

**Our reception and admin teams are at the frontline of our service and they are often the first point of contact so hear from client's about their problems first. This is what they are hearing:**

*'Mental and physical health is suffering because of financial anxiety. Financial worries are putting massive strains on relationships and we're hearing more and more about relationships breaking down.'*

*'People will prioritise paying rent over other essentials - so they will go without food and heating to try and keep a roof over their heads and avoid eviction.'*

*'Parents and adults will feed their pets and children before themselves so will often go hungry.'*

*'I was told that if you worked hard or worked full time, you'd be able to afford things in life. Every month I'm crawling towards pay day and going further into debt, just to get by. The weekly shop and cost of groceries is out of control. Rent and bills are sky high. My pay has not gone up but everything else has.'*



# A word from our Chief Executive

Every day, our advisers sit with people who are doing everything right and still cannot make the numbers add up. Between April and September alone we helped 3,898 people in Lancaster, Morecambe and Heysham, and more than two thirds of them live with a disability or long-term health condition. We estimate that around 11,000 people in our district are in a negative budget, with thousands more getting by only by cutting back on essentials to unsafe levels.



The causes are not mysterious. Energy bills remain out of reach for many households, and energy debt keeps growing. Private rents have risen far faster than the housing support meant to cover them. Food costs are up by almost a third in four years.

Together these pressures turn a hard month into a crisis, and a crisis into debt that can take years to clear.

The Government has made welcome first steps, but Winter is coming and the people we see cannot wait. **We are asking the Chancellor to use the Autumn Budget to act now: to reform support with energy bills, unfreeze and uprate Local Housing Allowance, and protect families from hunger and debt.**

The rising cost of living is no longer a one-off 'crisis'. It's an ongoing struggle every single month. At Citizens Advice, our advisers do all they can to help people find a way forward. But prices keep rising, and incomes don't.

Tackling the cost of living must be the number one priority for the UK government. It will take tough decisions, but progress can be made during this Parliament with a relentless focus on tackling the biggest drains on people's budgets - energy, housing and debt.

**It's time to turn the tide.**

A handwritten signature in blue ink that reads "Joanna Young". The signature is fluid and cursive, written on a white background.

Joanna Young - Chief Executive Citizens Advice North Lancashire

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**Citizens Advice North Lancashire is a local independent charity** that helps people, whoever they are, to solve the problems they are facing. We provide advice, support and advocacy to residents across North Lancashire and last year we helped over 8,000 people who had over 29,000 different problems to find a way forward, generating over £11m for our clients - money that goes directly back into our local economy. We challenge unfairness, discrimination and poor practice and we help people to feel better. The main areas of our work are financial crisis, debt, benefits, housing, employment and family problems. 24 Our service is free, confidential, independent and impartial. **We are the people's champion, here for everyone, whoever you are and whatever your problem.**

