

Due to a convergence of factors including climate, post-pandemic economic consequences and the Russian invasion of Ukraine, the European Union is now facing a historically high level of inflation (average of 11.5% in October 2022). The countries with the lowest rates of inflation, such as France (7.1%), Spain (7.3%) or Malta (7.4%), have seen it has a great impact on their economies and households, whilst those with the highest rates, like Estonia (22.5%), Lithuania (22.1%) and Hungary (21.9%), have had to face the social impact of the inflationary pressure and the real concerns it entails. Inflation had been driven up by energy and food prices<sup>1</sup>, and has turned into a cost of living crisis, as the cost of everyday essentials like groceries and bills are rising faster than average household incomes<sup>2</sup>.

This cost of living crisis is hitting lowest-income groups disproportionately, as they spend a higher share of their total income on housing, heating, transport, and food, and were already limiting their consumption to the minimum necessary (their demand is therefore less price elastic).

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1 Eurostat, the statistical office of the European Union - <https://ec.europa.eu/eurostat/documents/2995521/15265521/2-17112022-AP-EN.pdf/b6953137-786e-ed9c-5ee2-6812c0f8f07f>

2 Definition from The Big Issue <https://www.bigissue.com/news/social-justice/five-ways-the-cost-of-living-is-going-up-and-how-to-get-help-if-youre-struggling/>

This magazine presents some of the repercussions of the cost of living crisis on people, homelessness organisations and the wider safety net offered by social service providers. It pictures a rapidly changing and therefore uncertain context, calling on homelessness organisations to adapt, reinvent themselves and ... brace for impact.

Nicholas Pleace and Carolyn Snell open this issue with an excellent (yet painful) overview of the links between the energy and the cost of living crises, and the impact of this combination of rapidly increasing energy costs and housing costs on homelessness, in particular on hidden homelessness, evictions risks and social service providers. They recall the Abbé Pierre Foundation and FEANTSA's *European Index of Housing Exclusion 2022*<sup>1</sup>, warning that many families and individuals in Europe were already in rent arrears, before the situation had intensely worsened over the past six months with a 39% increase in energy prices in September 2022 and a 17% food inflation across the EU (October 2022).

Many of the articles you will read indeed point out the issue of increasing food prices. FEANTSA invited the European Food Banks organisation to share its perspective. It is a sobering one: more than 65% of its members have experienced an increase in the amount of food requested by charities. More than 80% of respondents identified the largest group of final beneficiaries as families with children and

# EDITORIAL



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single parents. Volumes of fruit and vegetables have dropped due to crop failure caused by climatic events such as droughts. The link between climate change and the cost of living crisis is confirmed by Mariya Bezgrebelna and Sean Kidd who explain how climate change leads to more extreme temperature, increasing households' energy consumption to adapt to weather conditions, impacting the health and quality of life for those who are not able to sufficiently cool or heat their homes.

The state of affairs is therefore clear, as Rebekah Stroud, economist, and Francesca Albanese, from FEANTSA's member Crisis, explain: "*Many people have been forced to skip meals and live in freezing conditions, whilst still falling into debt and rent or mortgage arrears and facing the very real threat of homelessness*". They also concur with Pleace and Snell on the eviction risk by pointing out that last year already, in the UK, there was a 19% increase in the number of households facing homelessness whose tenancy had ended in the private rented sector compared to before the pandemic.

Beyond households, it is also the capabilities of organisations that are directly endangered by what many in Brussels describe as "the perfect storm" (a convergence of inflation, high energy prices and climate change, all leading to a potential social instability). FEANTSA decided to give voice to another European network of social services, Eurodiaconia, for them to showcase the impact of the energy crisis on other social services, namely care services, highlighting how not-for-profit social service providers have entered a new phase, a very risky one, characterised by increasing demands, escalating costs and uncertain public support. FEANTSA AC members from France and Hungary indeed explain how the situation is threatening the very existence of their services. In Hungary, BMSZKI's<sup>1</sup> cost of heating for some accommodation services has risen by 1700% with an inflation

of 20.2% in September 2022 and an increase of certain food products ranging between 50 and 100% over the course of a year. What does it really mean for Hungary? It means that some emergency shelters will not open this winter, resulting in less places available while other providers will have to restrict their services (such as hot water or laundry services). In France, the survival of emergency temporary services is already at stake as well, but Marthe Yonh warns that even permanent services are at risk of being gravely affected, while another key side effect of the crisis, which is not to be overlooked, is the increasing disaffection of professionals for the non-for-profit sector.

As we enter the winter, temperatures drop while energy prices and inflation remain at historical highs. Most governments have established policies to shield the lowest income groups from a more violent social impact of this economic downturn<sup>3</sup>. But while these have fallen short of expectations, looking forward, the sustainability of public finances appears increasingly fragile and unable to shoulder the scale of the social needs to come. In addition, the spectres of deindustrialisation and recession in Europe are looming. Social services are at the forefront, the first and the last to recognise and support those who fall off the welfare state safety net. This magazine showcases their deteriorating experience in 2022 and should provide a warning as to the cry of social service providers on the slow but sure tearing of the safety net.

<sup>3</sup> <https://www.bruegel.org/publications/datasets/national-policies-to-shield-consumers-from-rising-energy-prices/>