

# Squeezed Midlands

## Midlands hit hardest by rising cost of living

- Financial health gap between the Midlands and the rest of the UK is widening
- Almost half of the region is falling behind the rest of the UK
- 10 Midland's constituencies - covering 700,000 people - are among the hardest hit in the UK
- Benefits Usage is up 0.4% in the Midlands

**Leeds, 11<sup>th</sup> September 2023** - Areas in Birmingham, Leicester and Coventry became financially worse off this year. New data shows that the Midlands is the region of the UK hit hardest by the rising cost-of-living. Lowell's latest Financial Vulnerability Index shows 41% of all areas that became financially worse off this year are in the Midlands region.

While the South continues to be better off than the UK average, and the North sees improvements in its FVI Score, the Midlands finds itself squeezed with many of the worst-performing areas in the latest FVI Index. Some the key indicators are:

- Financial health in the West Midlands is now 12% worse than the UK average
- The East Midlands is 5.3% worse off having been more financially healthy than the UK average in 2017

The Midlands accounts for over a third of the UK's financially vulnerable constituencies. Data shows that these constituencies have high numbers of full time workers and families with children.

Analysis indicates that ordinary working families are bearing the burden of the high cost-of-living.

In areas with higher levels of social housing and benefits usage, the improvements in financial health have been much more significant suggesting that Government support may be outstripping pay in its effect on financial health.

### **Commenting on the results Lowell's UK CEO John Pears said:**

*"Lowell's latest FVI shows how the Midlands is feeling the squeeze. Households in the Midlands are struggling the most as they borrow to meet the inflated costs of everyday spending. It's a reverse in fortunes from a few years ago as the gap with the rest of the UK widens. The Midlands is sadly not participating in the cautious recovery the rest of the UK is experiencing.*

*With the recent news of Birmingham City Council's declaration of bankruptcy there are likely to be further challenges for those most financially vulnerable who rely on critical services from the Council."*

### **Full data set, trends report and interactive tool**

A more extensive guide to the trends in financial vulnerability affecting the Midlands is attached.

The Financial Vulnerability Index is an innovative tool to measure and track financial resilience, nationally and locally, across the UK. Created by Lowell and the Urban Institute, and provided by Opinium, the index brings together publicly available measures and Lowell's proprietary data to give a clear picture of financial vulnerability in the UK.

The full tool can be accessed [here](#). The data can be downloaded for free [here](#) and a summary of the key findings are available [here](#).

**ENDS**

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### **Notes to editors**

#### **About the Financial Vulnerability Index**

The Financial Vulnerability Index is based on six components that capture a household's ability to manage daily finances and resist economic shocks: (1) carrying defaulted debt, (2) using alternative financial products, (3) claiming work-related social benefits, (4) lacking emergency savings, (5) holding a high-cost loan, and (6) relying heavily on credit. These components are measured using Lowell's research and operational data, the UK Financial Lives Survey, and data from the UK's Department of Work and Pensions and the Office for National Statistics.

This data tool is a joint project of Lowell and Opinium. Lowell and Opinium researchers collaborated on all stages of the research. In addition, Lowell provided funds and operational and research data used to create the index. More information on the latest trends is available at: [@lowellfvi](#)

#### **About Lowell**

Headquartered in Leeds, Lowell is one of Europe's largest credit management service providers with a mission to make credit work better for all and a commitment to fair and ethical customer practices. It operates across eight countries with around 4,000 employees, 1,900 of which are based in the UK. Lowell's unparalleled combination of data analytics insight and robust risk management provides clients with expert solutions in debt purchasing, third party collections and business process outsourcing.

Lowell was formed in 2015 following the merger of the UK and German market leaders: the Lowell Group and the GFKL Group. In 2022, Lowell completed the acquisition of Hoist Finance UK (based in Salford), making Lowell the largest credit management company in the UK. It is backed by global private equity firm Permira and Ontario Teachers' Pension Plan.

For more information on Lowell, please visit our customer website ([www.lowell.co.uk](http://www.lowell.co.uk)) or our investor website ([www.lowell.com](http://www.lowell.com)).

### **About Opinium**

Founded in 2007 OPINIUM is an award-winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people think, feel and do. Opinium works collaboratively with clients to design and implement research which delivers tangible impact for clients across the government, political, and public affairs space, as well as a range of other sectors.

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