

# The Price We Pay: the social impact of the cost-of-living crisis

Society Watch 2023



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# A snapshot of an evolving crisis

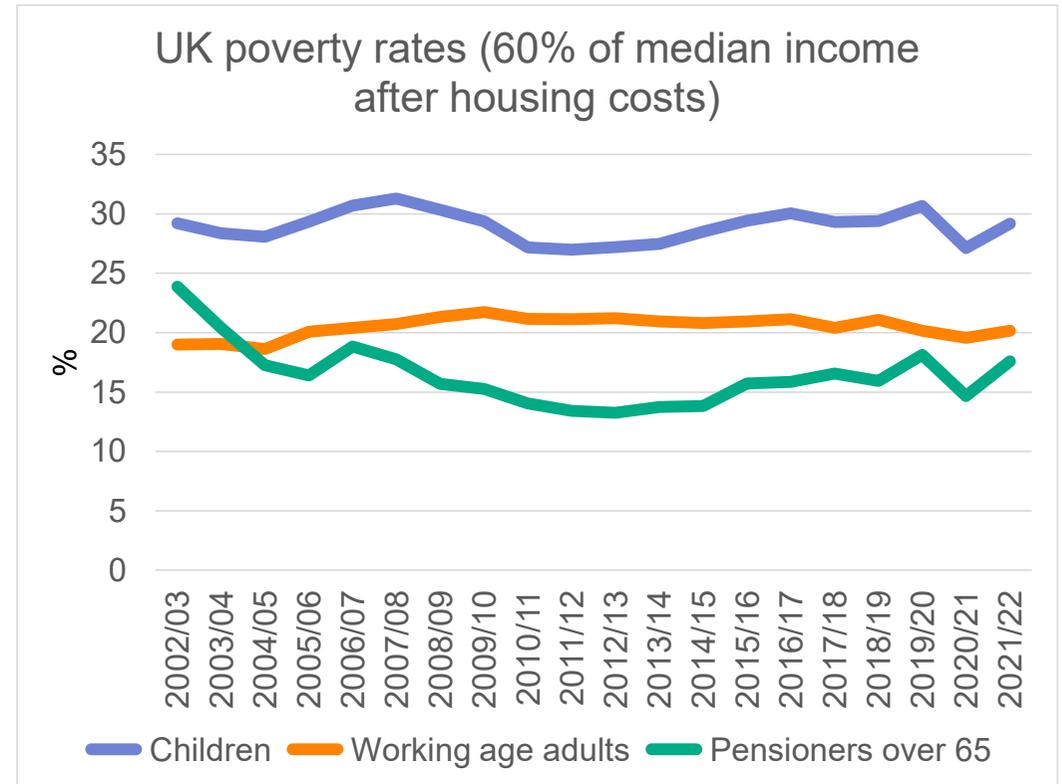
- Patterns of poverty and disadvantage
- The impact of the pandemic
- The evolution of the cost-of-living crisis
- How people are responding
- How day-to-day life is affected
- Potential longer-term impacts

# Patterns of poverty and disadvantage

Poverty rates after housing costs (AHC) were 22 per cent in 2021/22, as high as they have been in 20 years.

The proportion of people in low income who were in deep poverty (less than 40 per cent median income AHC) rose from 35 per cent in 2001/02 to 42 per cent in 2021/22.

Poverty rates higher for children, renters, people living in cities, people living with disability, and for Bangladeshi, Pakistani and Black minority ethnic groups.



Source: Households Below Average Income, 2023

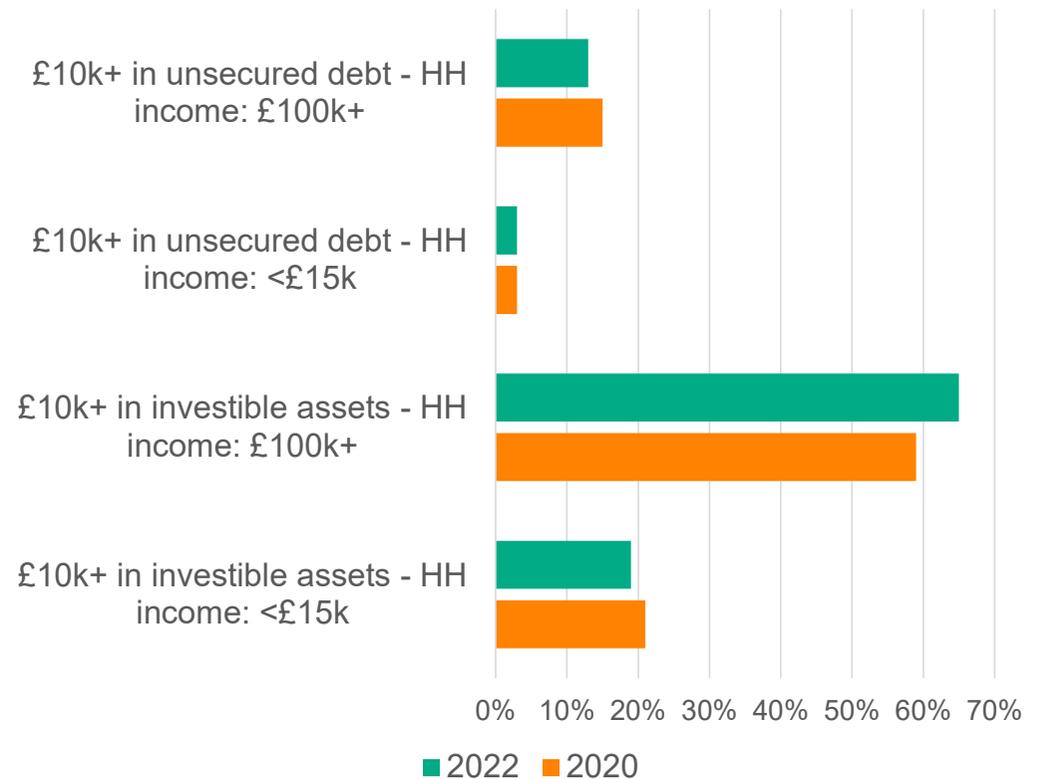
# The impact of the pandemic

Overall, savings rose and debt fell during the pandemic, but for richer rather than poorer people.

The Financial Lives Survey found that one million more people had low financial resilience in 2022 than in 2020.

The pandemic also saw a rise in the proportion of young people with mental health problems, and more working age people out of the labour market owing to ill health.

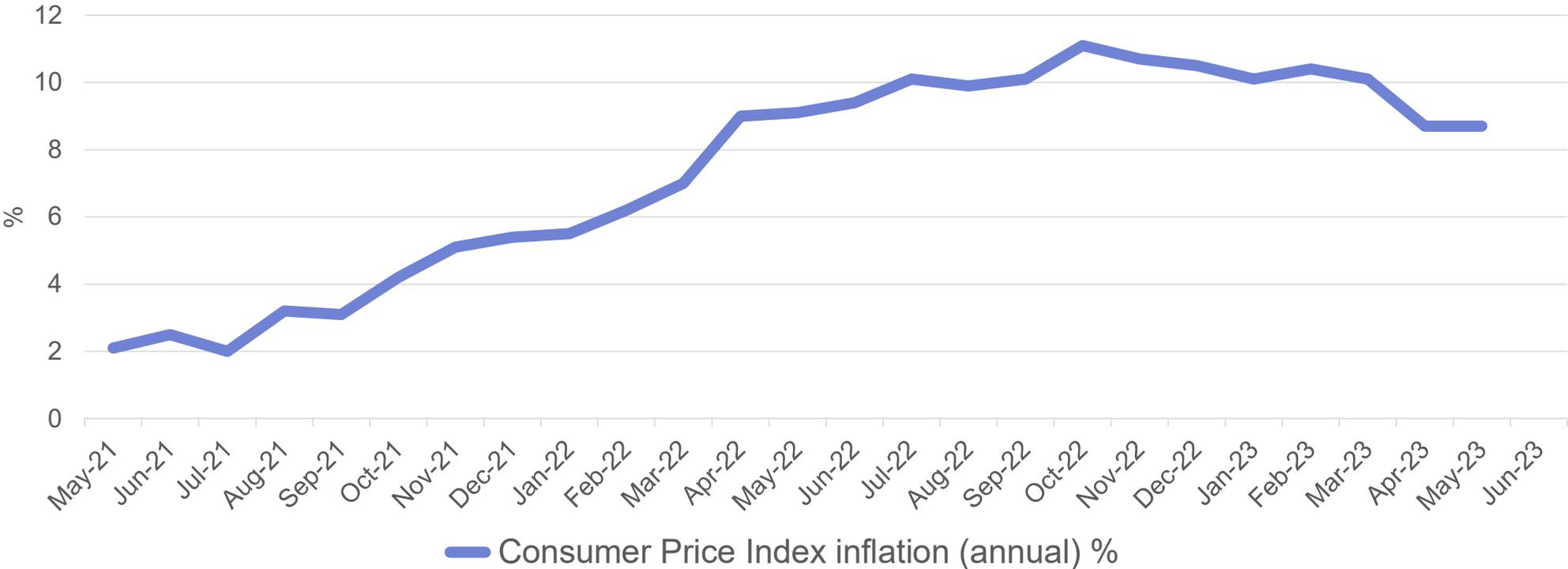
Debt and savings during the pandemic



Source: Financial Lives Survey, 2020 and 2022

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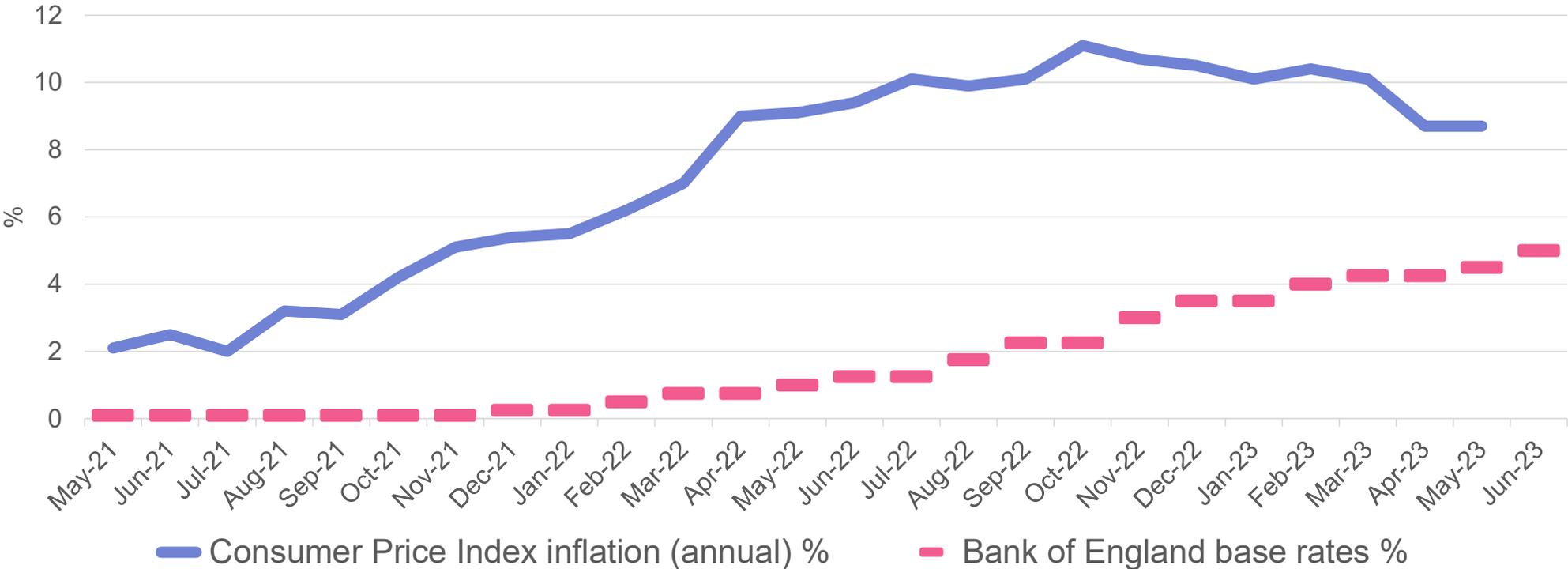
# The evolution of the crisis – inflation and interest rates



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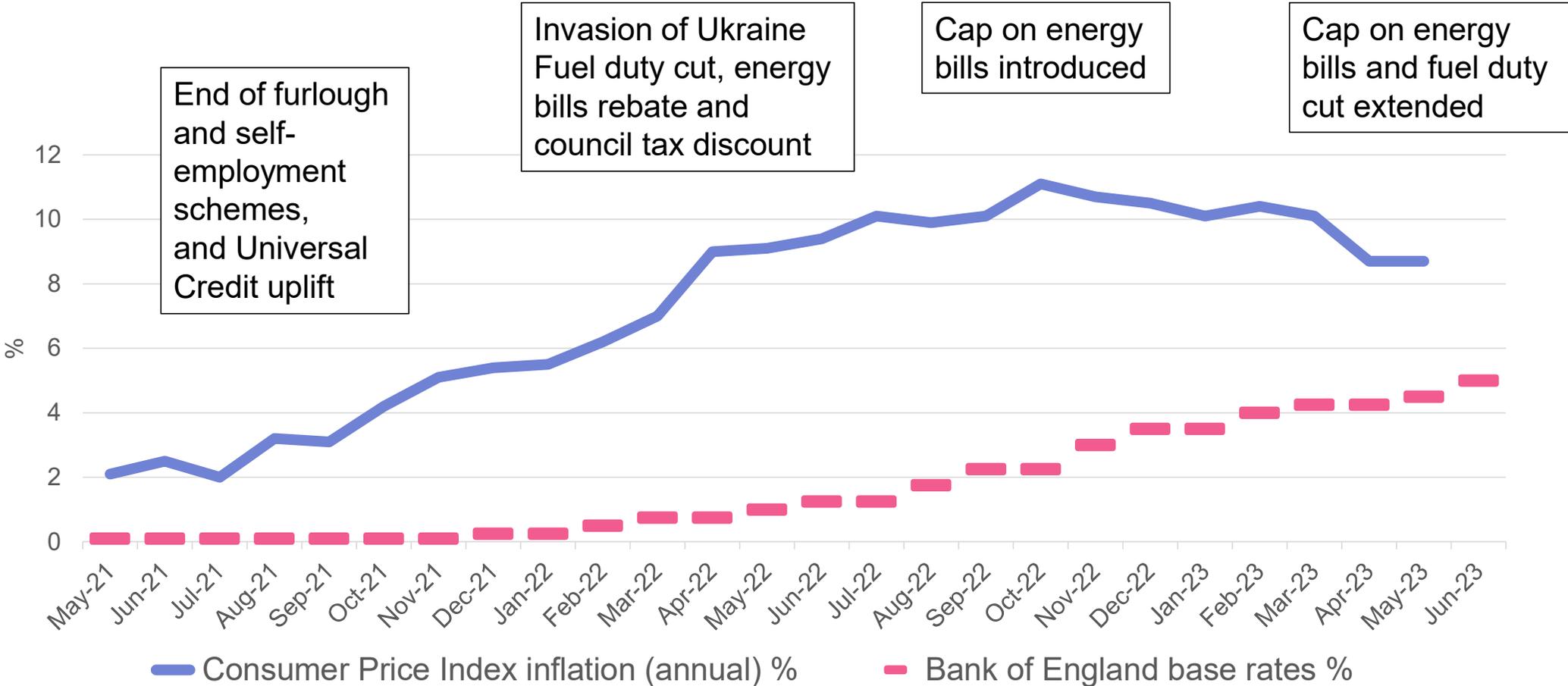
Source: ONS and Bank of England, 2023

# The evolution of the crisis – inflation and interest rates



Source: ONS and Bank of England, 2023

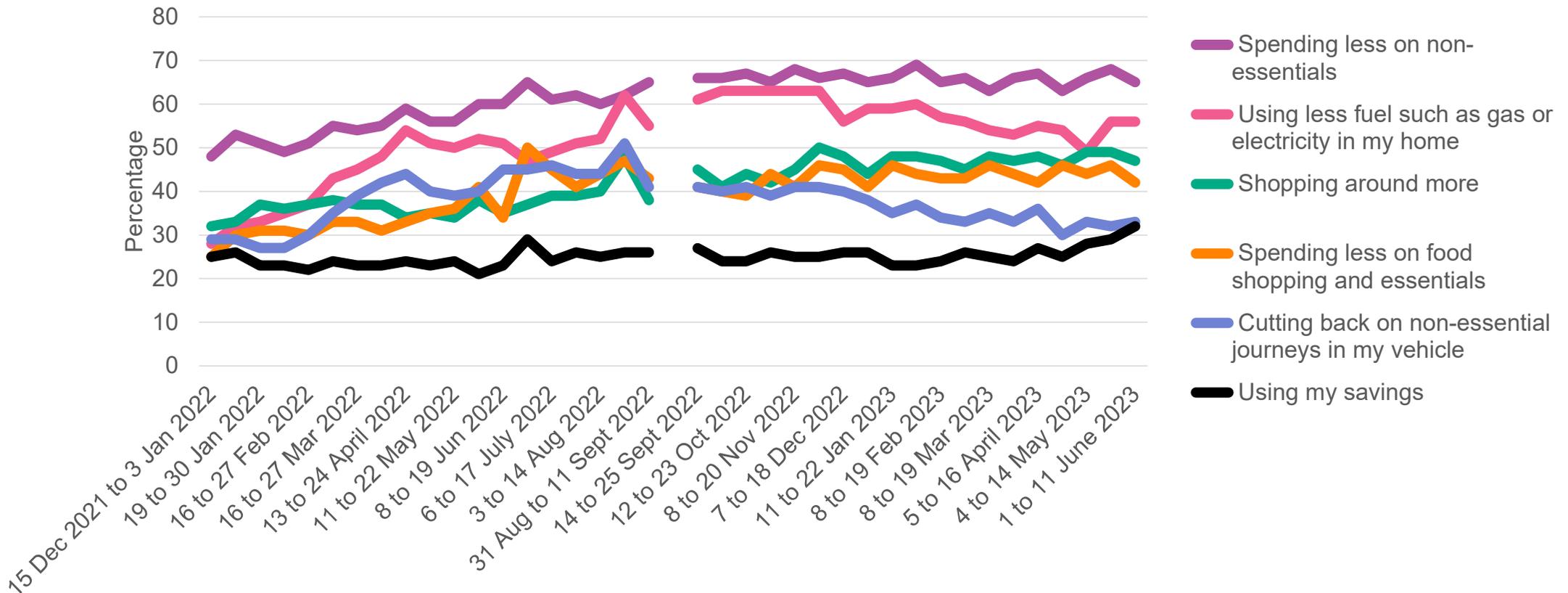
# The evolution of the crisis – inflation and interest rates



Source: ONS and Bank of England, 2023

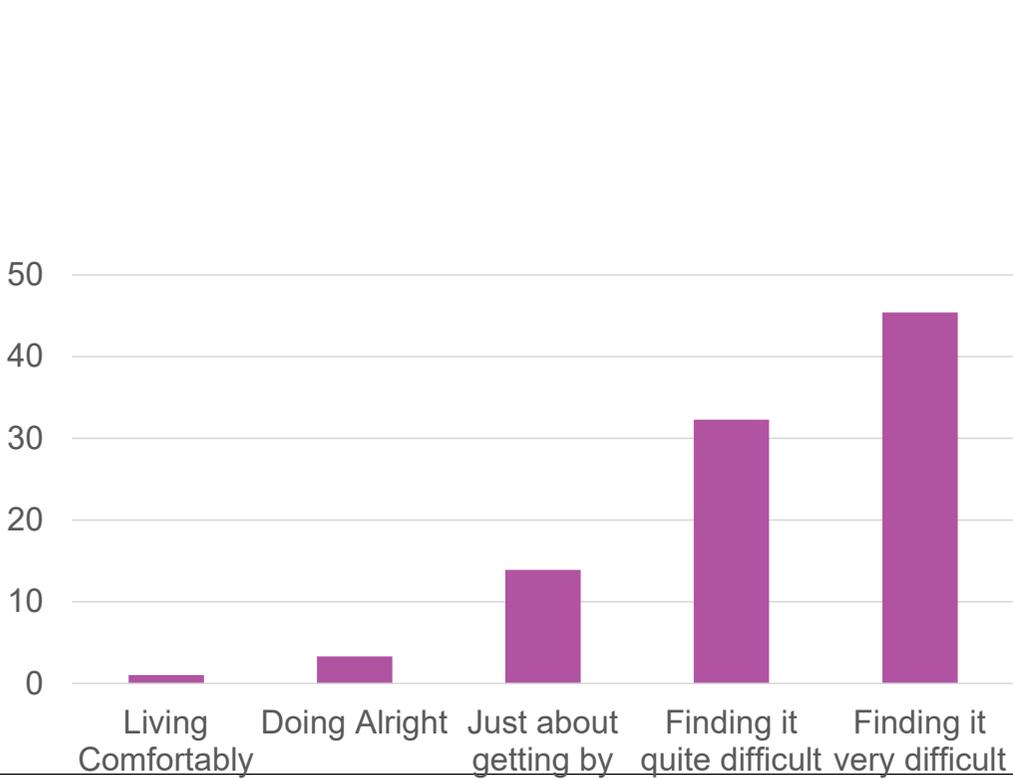
# How people are responding – cutting back and using savings

"Which of these, if any, are you doing because of the increases in the cost of living?"

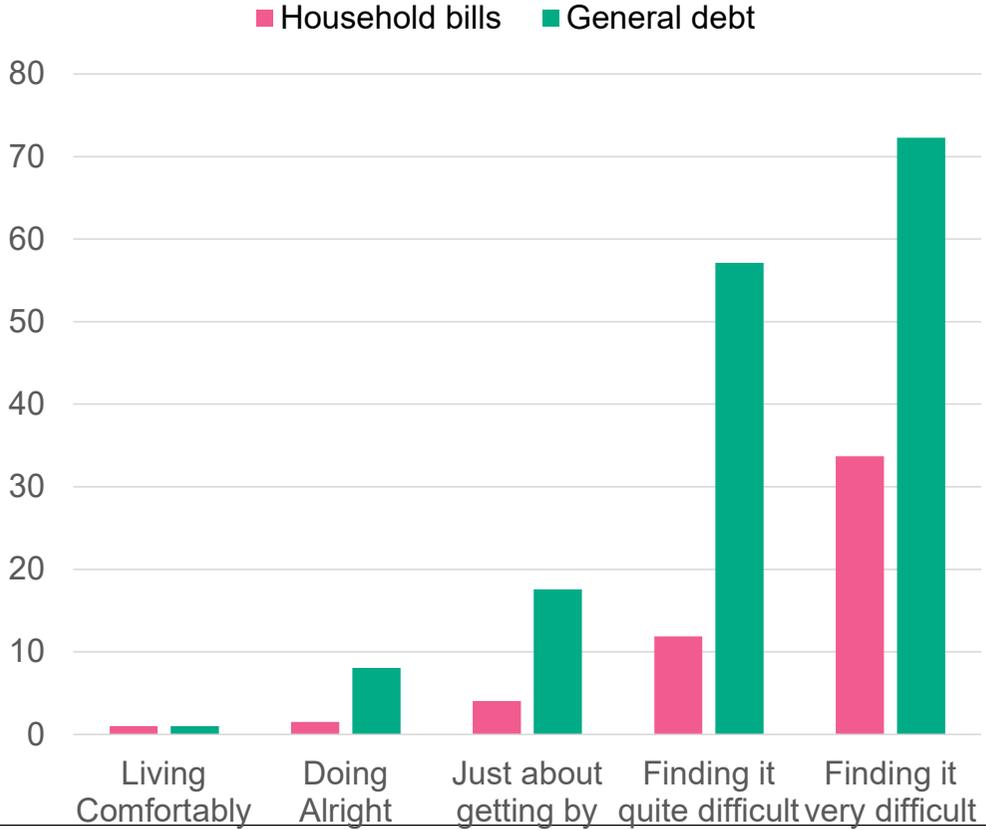


# How people are responding – saving falling, arrears and debt increasing

Relative likelihood of cutting back on savings



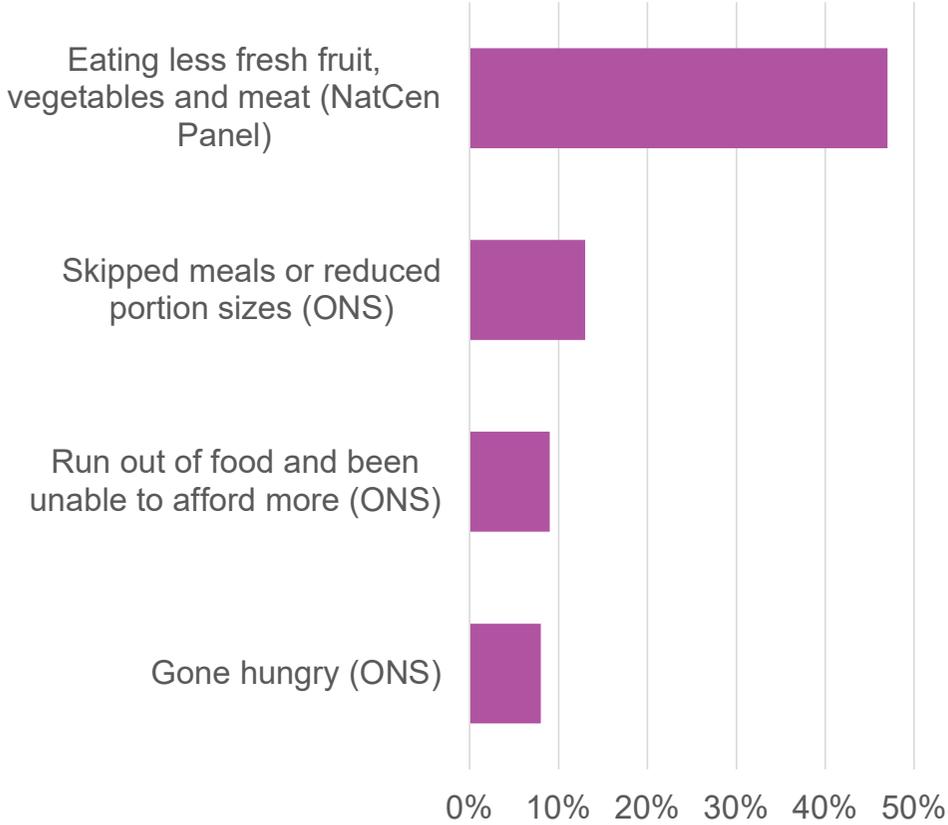
Relative likelihood of arrears



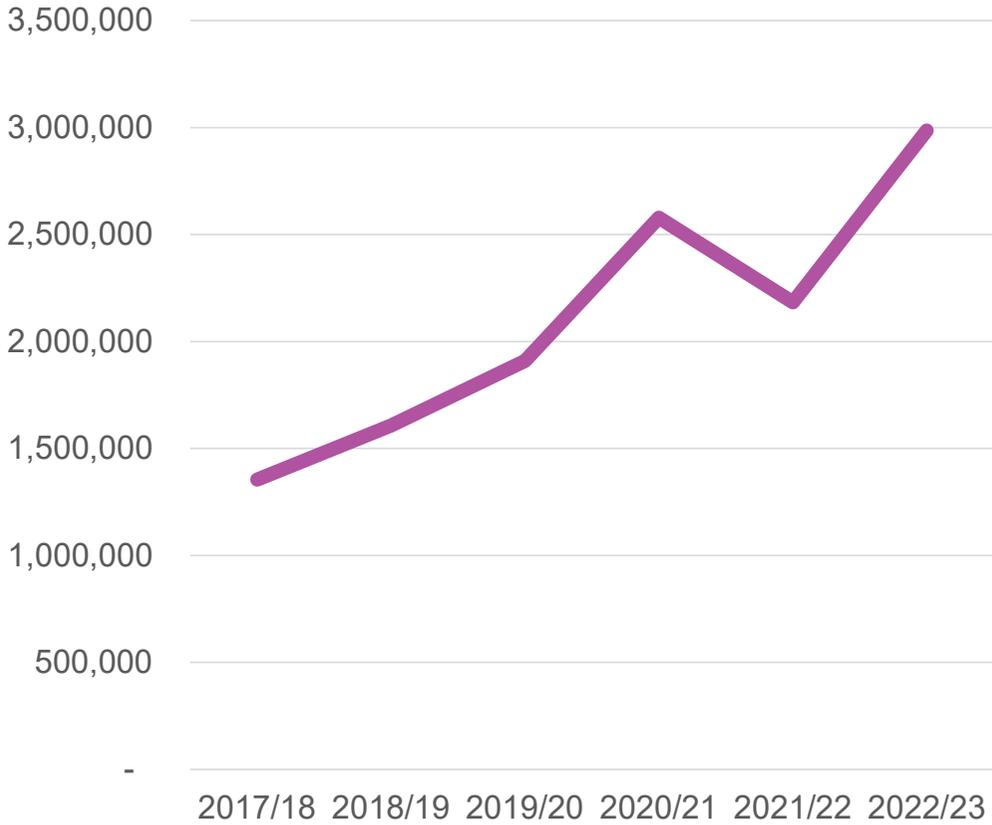
Source: NatCen Panel 2023

# How day-to-day life is affected – eating and going hungry

Dietary changes, January 2023



Food parcels handed out by Trussell Trust



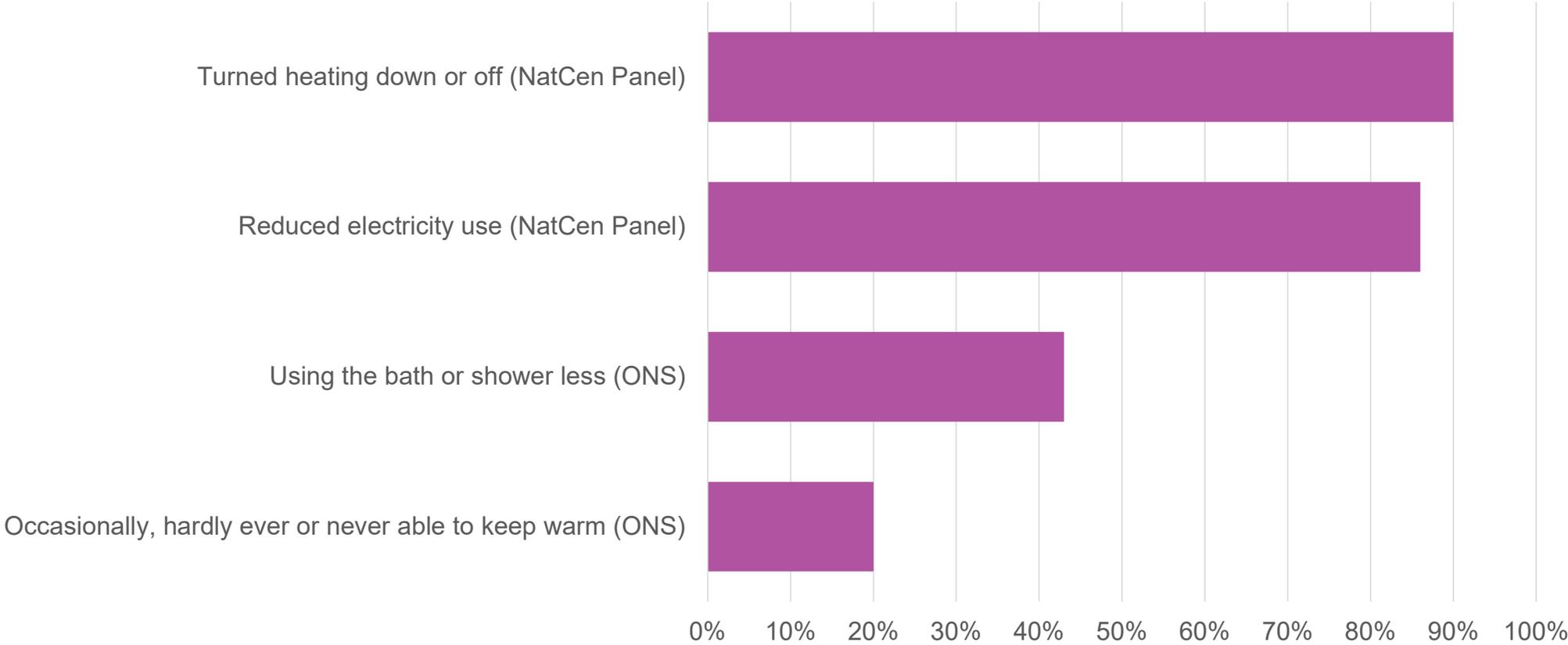
Source: NatCen Panel and ONS, 2023

Source: Trussell Trust, 2023

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# How day-to-day life is affected – keeping clean and warm

Reducing energy use, January 2023



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Source: NatCen Panel and ONS, 2023

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# How day-to-day life is affected – anxiety and health

Men expressing higher levels of worry than women (in contrast to 2022).

54 per cent more stressed over money in six months to January, according to FCA survey, and 28 per cent losing sleep over rising cost of living.

NHS Trusts reported more patients seeking help for mental health problems as a result of stress, debt and poverty, and a rise in conditions associated with fuel or food poverty.

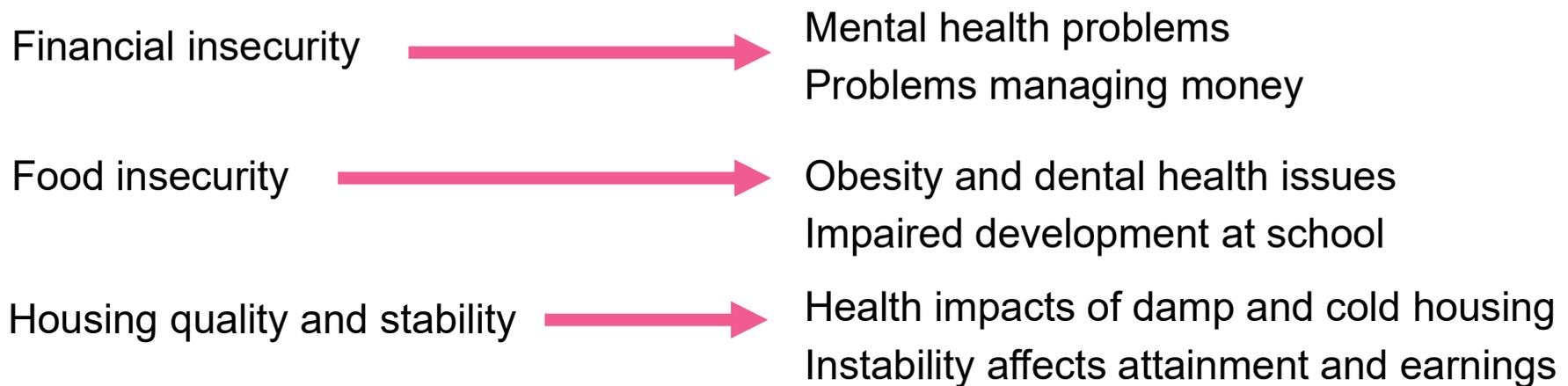
Proportion of people 'very' or 'extremely' worried about...



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# Potential longer-term impacts - individual

Academic and social research suggests deprivation and material insecurity can be scarring for individuals....



...and creates the risk of longer-term impacts on productivity,  
public finances and societal wellbeing.

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Most people have coped so far by cutting back on non-essential spending, and leaning on savings and credit...  
...but a substantial minority are already struggling to meet basic needs.

Recent inflation figures and interest rate rises suggest that the crisis is persistent...

...so, as people borrow more, save less and draw down any savings, are they running out of road?

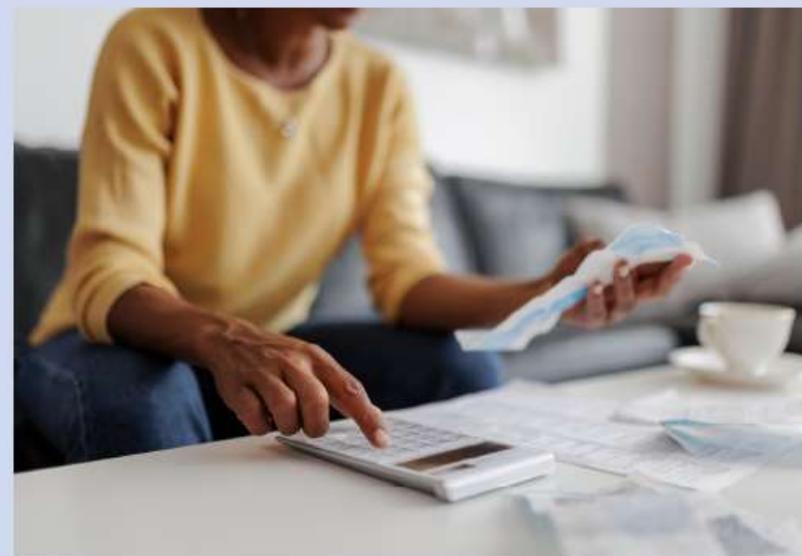
Government has already intervened to mitigate the impact of prices rises...

...and more action may be needed to minimise scarring.

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# The Price We Pay: the social impact of the cost-of-living crisis

Authors: Richard Brown, Charles Wilson, Yasmin Begum



July 2023



The Food  
Foundation

# Food in the cost-of-living crisis

July 2023

Dr Hannah Brinsden, Head of Policy and Advocacy

[Hannah.Brinsden@foodfoundation.org.uk](mailto:Hannah.Brinsden@foodfoundation.org.uk)

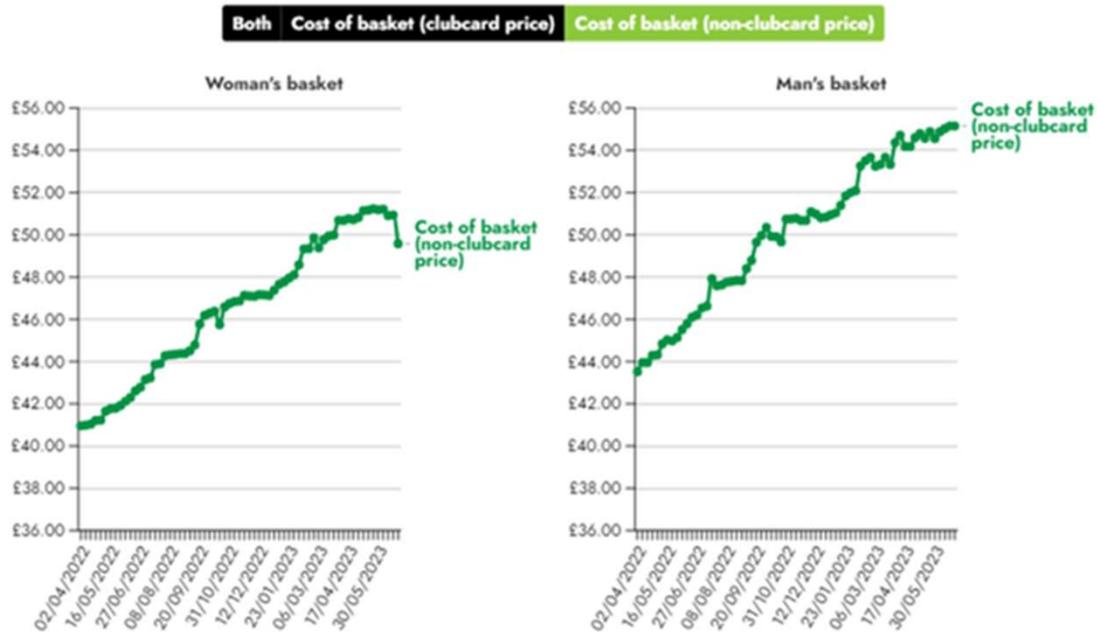
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# Our food environments influence what we eat



# A basic basket of food has gone up >25% since April 2022 (from £43.52 to £55.15)



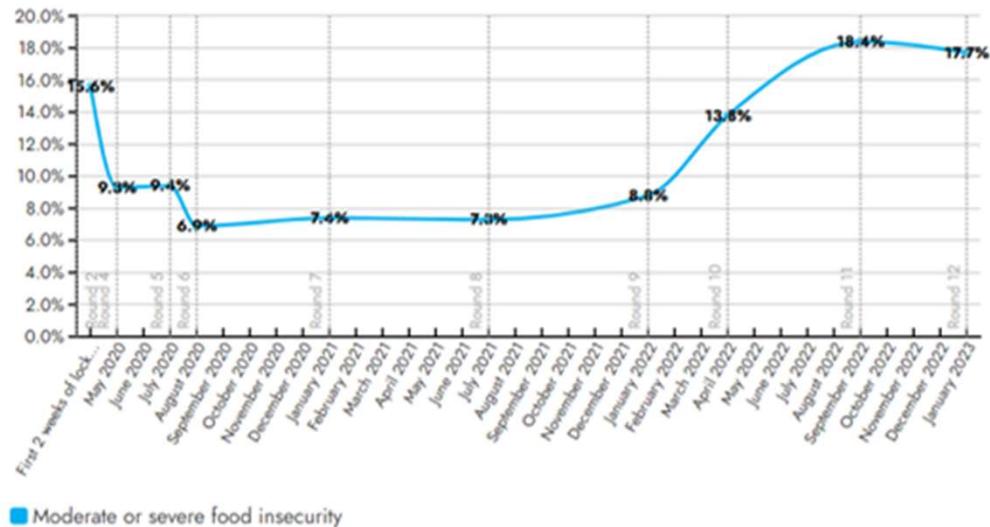
\* does not include multibuy promotions or meal deals  
The price of the woman's basket (clubcard price) has increased by 23.6% and the price of the man's basket (clubcard price) has increased by 27.1% since April 2022



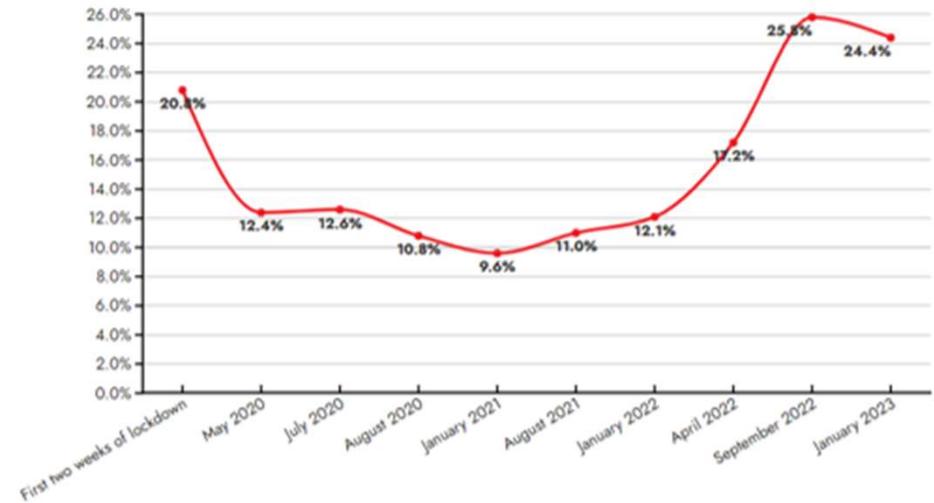
<https://foodfoundation.org.uk/initiatives/food-prices-tracking>

# 9.3 million (17.7% households) experienced food insecurity in Jan 2023

Percentage of households experiencing food insecurity\*:



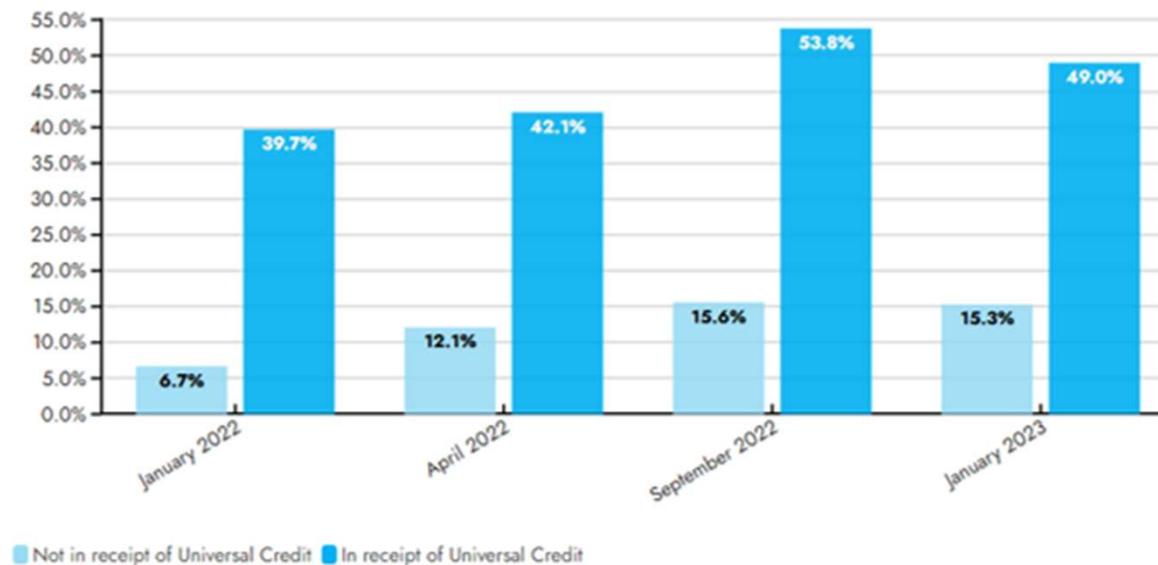
Percentage of households with children that are experiencing food insecurity\*:



<https://foodfoundation.org.uk/initiatives/food-insecurity-tracking>

# Half of households on universal credit (49%) reported experiencing food insecurity in Jan 2023

Percentage of households experiencing food insecurity\*:



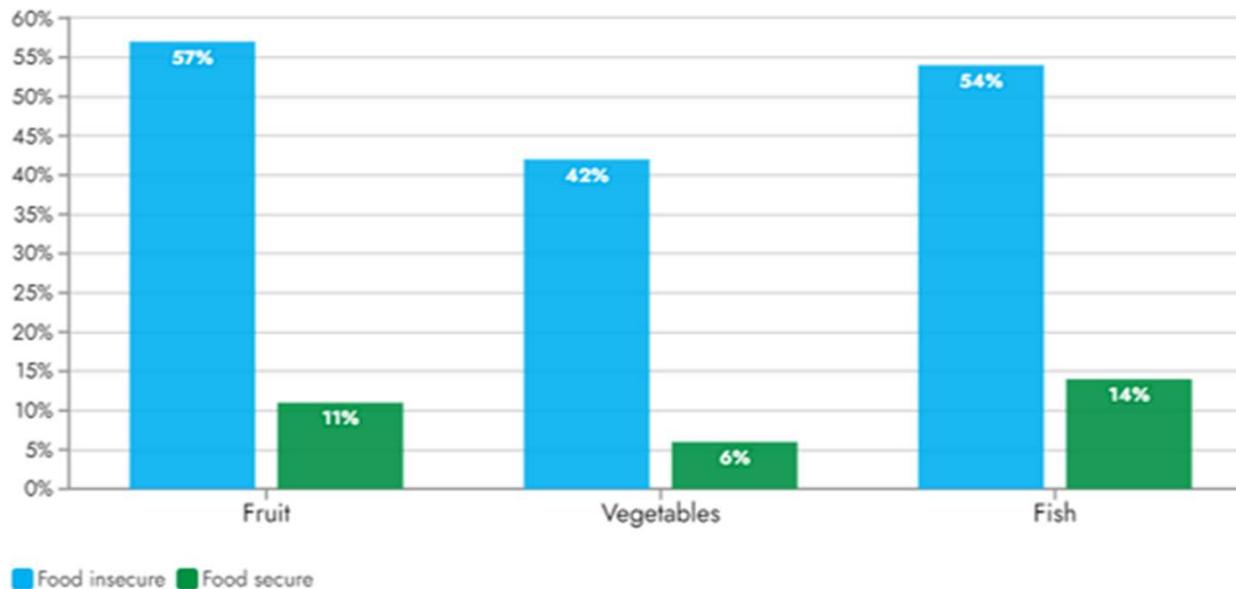
\* 1-month recall period



<https://foodfoundation.org.uk/initiatives/food-insecurity-tracking>

# Food insecure households cutting back on healthy food

Percentage of households reporting buying less of each food type:



For more on how the cost of living crisis is impacting on diets, read our briefing: [From course to plate: implications of the cost of living crisis on health](#)



<https://foodfoundation.org.uk/initiatives/food-insecurity-tracking>

It's not just price that matters

*I need to feed my family but I have:*

- Unaffordable gas and electricity bills
- Limited and unpredictable time for shopping, cooking and eating
- Blunt knives
- No money or space for kids activities
- No freezer
- A tiny kitchen

*So I need food my family can eat which:*

- Won't go off
- Cheap
- Doesn't need lots of planning
- Is quick and easy to prepare
- Is filling and tasty
- Won't end up in the bin
- The kids enjoy

*In the shops and takeaways, unhealthy food is:*

- Has packaging which appeals to kids
- Cheaper than cooking from scratch
- Easy to find
- On discount
- Quick to prepare

**Not surprisingly low income families EAT LESS FRUIT, VEG AND FIBRE than higher income families**

The Food Foundation  
CITY  
UNIVERSITY OF LONDON

From purse to plate:  
implications of the cost  
of living crisis on health

MARCH 2023

# What's happening?



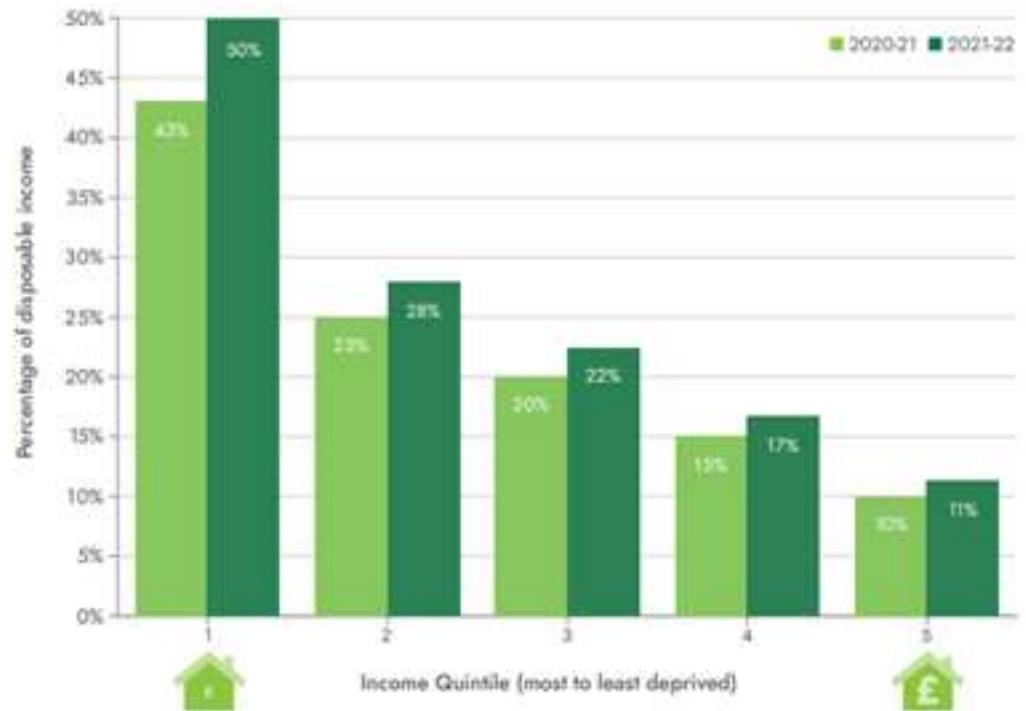


# Affordability of a healthy diet

The most deprived fifth of the population would need to spend **50%** of their disposable income on food to meet the cost of the Government-recommended healthy diet. This compares to just **11%** for the least deprived fifth.



Percentage of disposable income required to afford the Eatwell Guide by income quintile



Source: FoodCR, University of Oxford London School of Hygiene & Tropical Medicine secondary analysis of the Family Resources Survey 2021-22

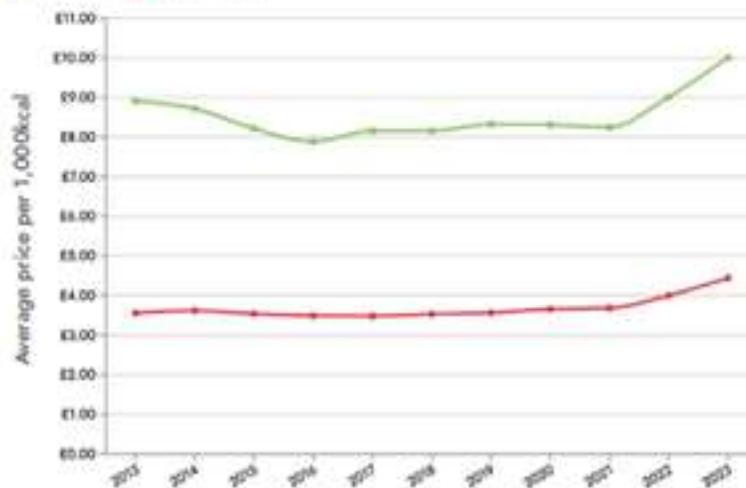


# Cost of healthy food

More healthy foods are **over twice as expensive** per calorie as less healthy foods.

Average price of food and drink by Nutrient Profile Modelling score category

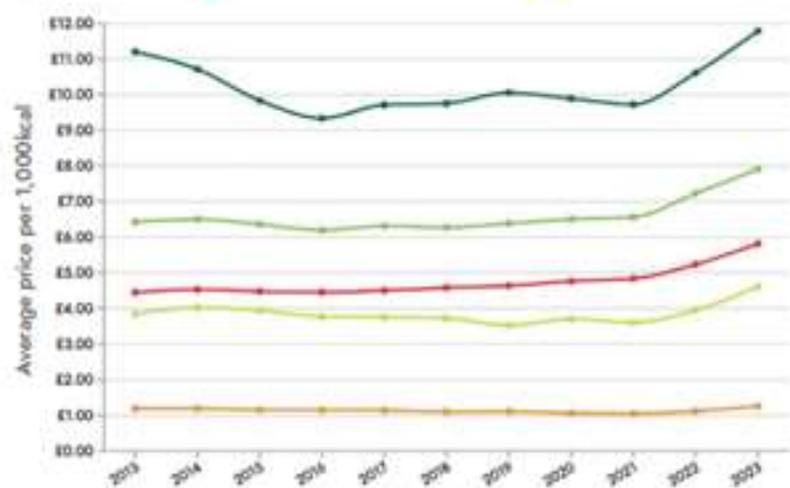
■ More healthy ■ Less healthy



Source: MRC Epidemiology Unit (University of Cambridge) analysis of the Consumer Price Index, ONS

Average price of food and drink by Eatwell Guide food category

■ Fruit and vegetables ■ Meat, fish, eggs, beans, other sources of non-dairy protein  
■ Milk and dairy foods ■ High in fat and/or sugar food and drinks ■ Bread, rice, potatoes, pasta



Source: MRC Epidemiology Unit (University of Cambridge) analysis of the Consumer Price Index, ONS

Please note: due to methodological changes, findings are not directly comparable to previous reports.



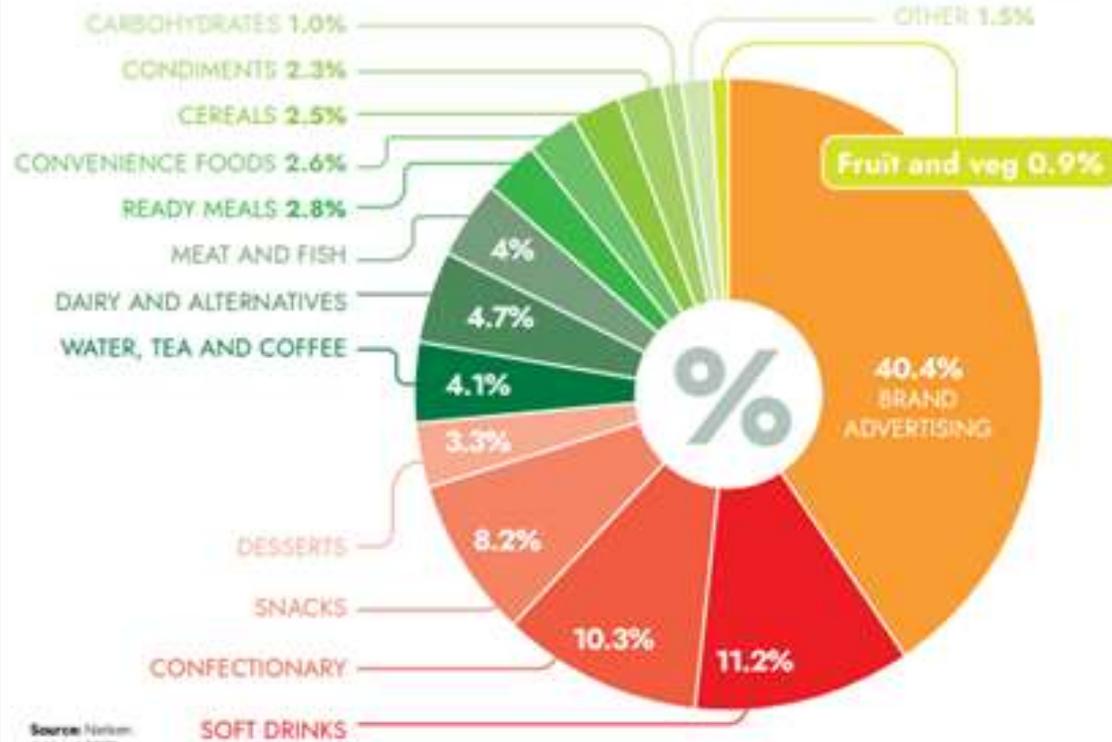
# Advertising spend on food



A **third** (33%) of food and soft drink advertising spend goes towards **confectionery, snacks, desserts** and **soft drinks** compared to just **1%** for **fruit and vegetables**.



Proportion of advertising spend on different food categories

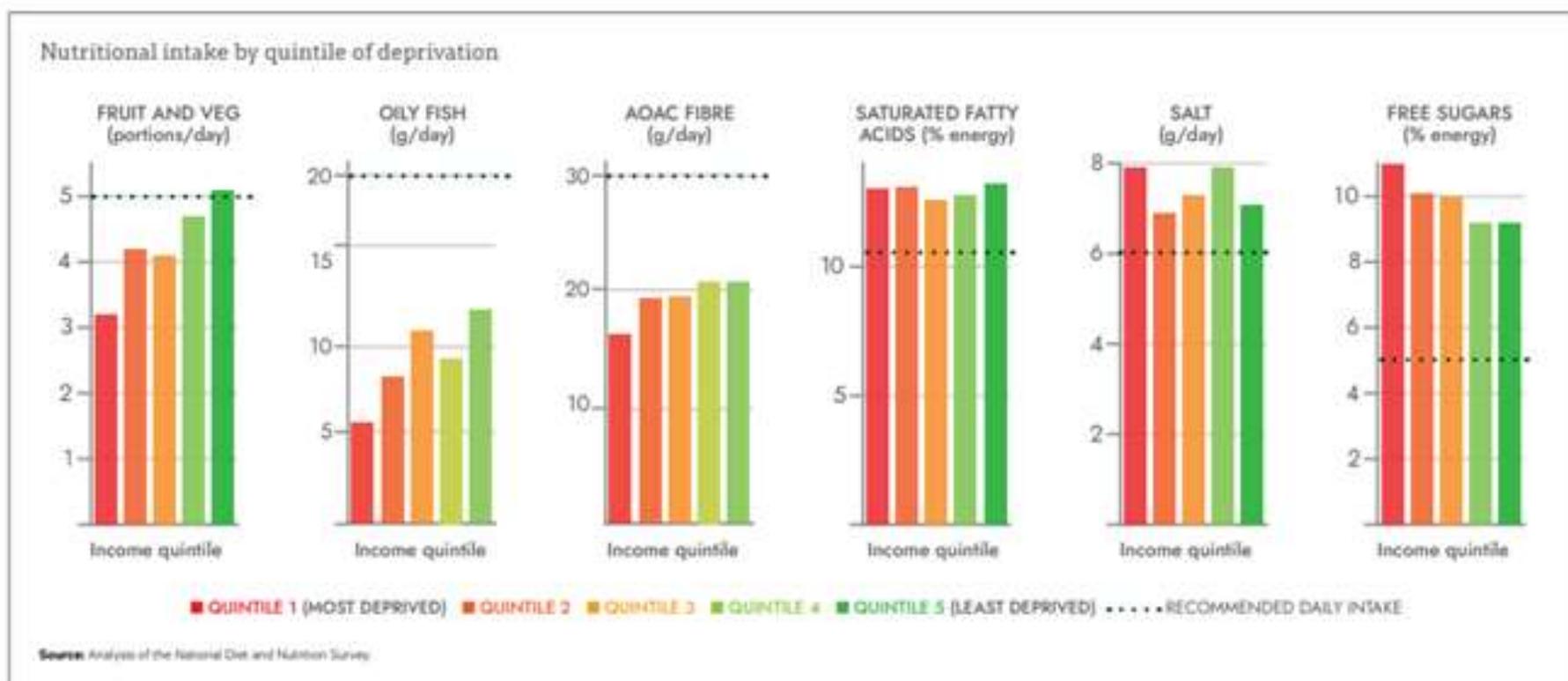


Source: Nielsen, Ad Intel, 2022



# Nutritious food consumption

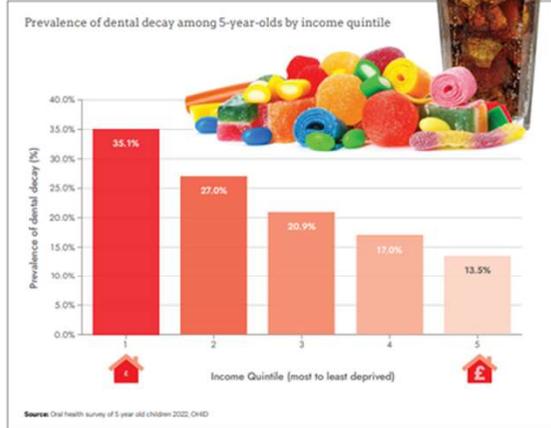
The **most deprived fifth** of adults consume **less fruit and veg** (37% less), **oily fish** (54% less) and **dietary fibre** (17% less) than the least deprived fifth.





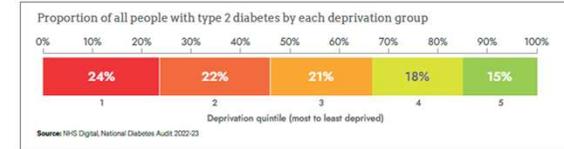
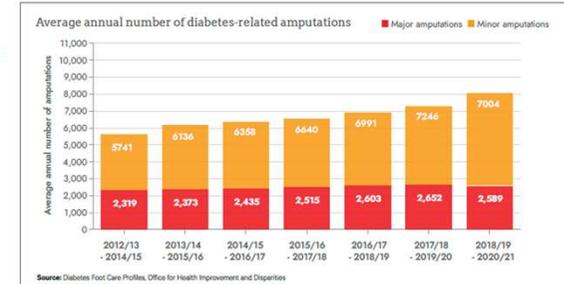
## Children's dental decay

Almost a quarter (24%) of 5-year-olds have dental decay, with 2.5 times as many children in the most deprived fifth affected compared with the least deprived fifth.



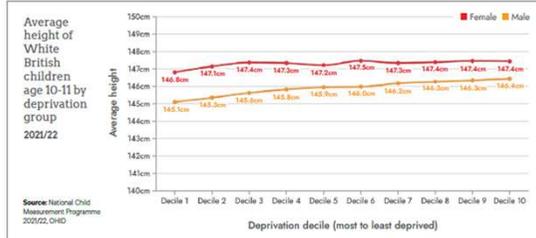
## Diabetes-related amputations

Nearly 9,600 diabetes-related amputations are carried out on average per year – an increase of 19% in six years.



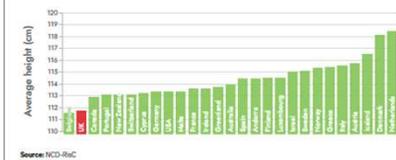
## Children's growth

Children in the most deprived tenth of the population are on average up to 1.3cm shorter than children in the least deprived tenth by age 10–11.

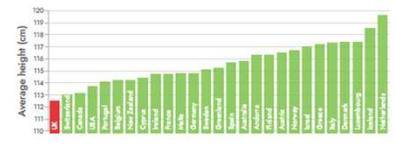


### INTERNATIONAL COMPARISON

Average height in high income western countries: female, aged 5, 2019

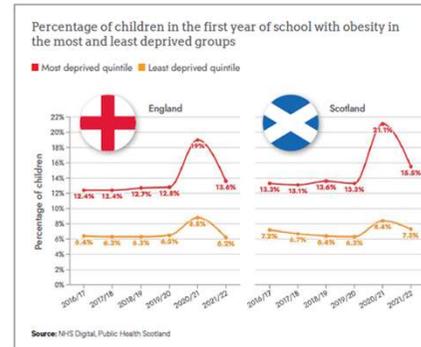


Average height in high income western countries: male, aged 5, 2019



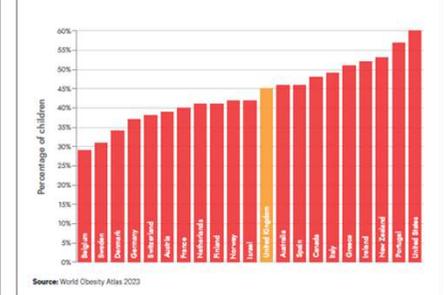
## Children's weight

Children in the most deprived fifth of the population are over twice as likely to be living with obesity as those in the least deprived fifth by their first year of school



### INTERNATIONAL COMPARISON

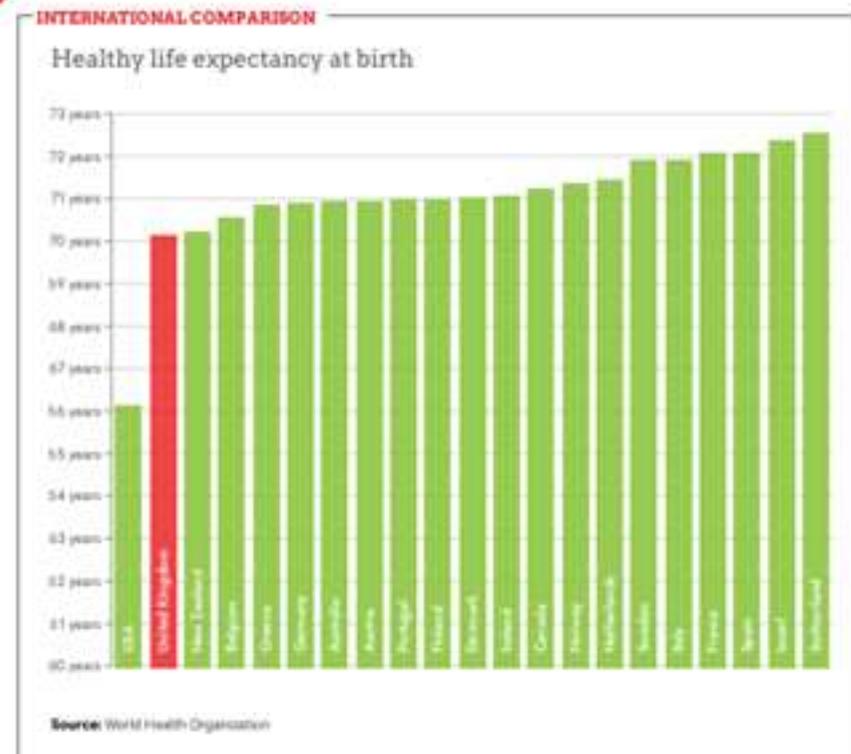
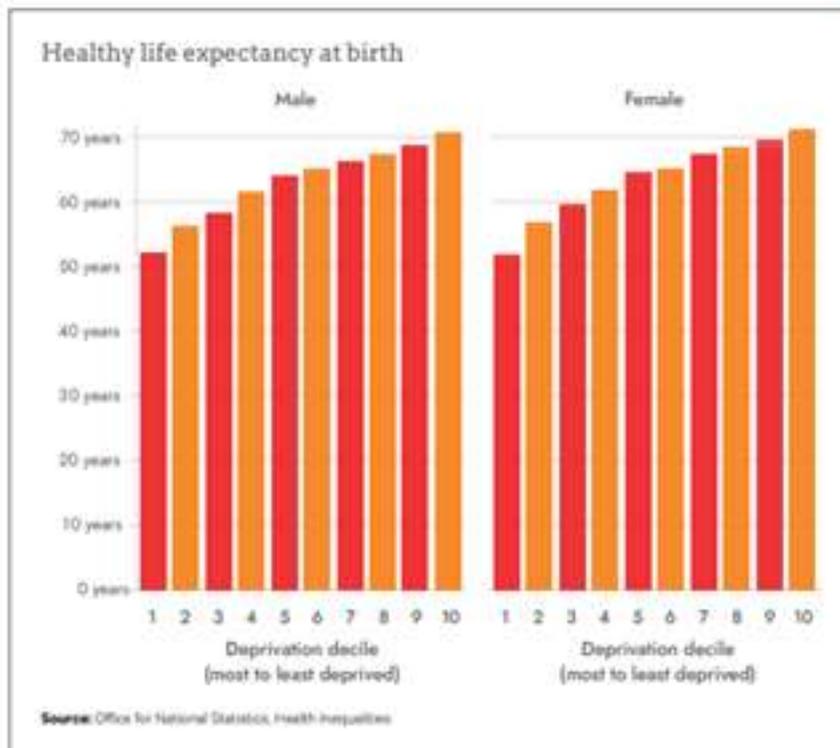
Predicted prevalence of childhood overweight and obesity in OECD countries in 2035





# Healthy life expectancy

Healthy life expectancy in the **most deprived** tenth of the population is **19 years lower for women and 18 years lower for men** than in the least deprived tenth.



# What needs to be done?

- ❖ **Make healthier food affordable** e.g. build on SDIL, remove VAT from healthy out of home food, consider cost of healthy diets when determining benefit thresholds
- ❖ **Stop the junk food escalation** e.g. marketing restrictions, local planning, food industry R&D investment, mandatory reporting of health targets by food companies; strengthen procurement
- ❖ **Invest in children's diets** e.g. free school meals, Healthy Start expansion and value, school fruit and veg scheme expansion
- ❖ **Make it easier to eat sustainably** e.g. sustainability within eatwell plate, advertising of healthy and sustainable foods, production of minimally processed foods
- ❖ **Unleash the full potential of the food system** e.g. food system outcomes established, transparency and reporting, procurement, Food Bill



**Our priorities for a fairer, healthier and more sustainable food system in the next electoral term**

Food is an intrinsic part of all of our lives. It fuels our bodies and minds, providing us with the energy we need to think, think, work and reach our full potential. It can also be a source of pleasure and enjoyment: cooking and eating brings people together, building relationships across families, friends and communities. It can keep us healthy and well-nourished, boosting our wellbeing and helping us enjoy life to the full. A strong food system can underpin a strong society, having a profound impact on the nation's health, happiness and overall prosperity. Sustainably producing our food can shape our countryside and landscapes, boosting biodiversity and regenerating wildlife. Our food system can be instrumental in positively shaping our nation and our lives.

However, the current food system is not serving us well. What we eat has become the biggest risk factor for preventable disease, taking a massive toll on our health, causing debilitating illness and placing an unsustainable strain on the NHS. This is not a result of individual failure but rather the consequence of a food system which has not been eating in a way that is harmful to our health and harmful to our planet. Food should be more healthy and more sustainable than it is. The challenges we face in achieving this are complex. But the food system has changed before, and with a supportive policy environment and innovative thinking it can change again.

We call on all political parties to commit to making healthy, sustainable food available and affordable for everyone across the UK.



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## What are we asking for?

We are calling on the Government to urgently extend the eligibility for Free School Meals.

- **IMMEDIATELY:** All children in state-funded schools in England from families in receipt of Universal Credit should become eligible for a Free School Meal immediately.
- **NEXT:** This extension to eligibility is an urgent first step towards a long-term goal for the Government to provide comprehensively funded, nutritious school food for all children.



Impact  
on Urban  
Health



sustain  
the alliance for better food and farming



children learn  
better if they are  
properly fed.



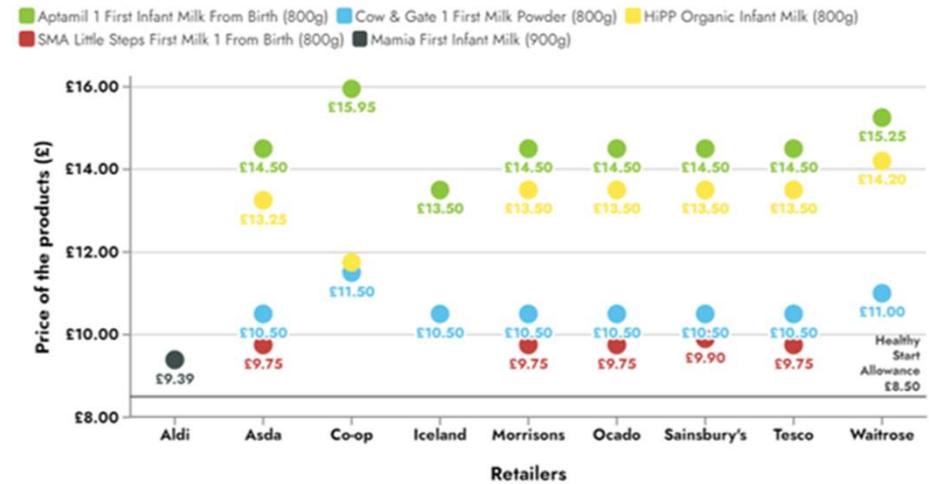
<sup>E</sup> extend  
Free School  
Meal<sup>S</sup>



# Healthy Start

- Just two constituencies have reached the 75% uptake target set by Government
- Value has not been increased with inflation – no formula milk is available for the value of a voucher
- We are calling for
  - A government campaign to increase uptake
  - Increase in value in line with inflation
  - Expansion of the scheme up until a child goes to school

Cost of Formula Milk Powder(s) per unit/tin



Healthy Start Scheme Uptake Levels by Constituency

Click on a constituency to see the percentage uptake, value missed out on and MP.

51 79

Search by constituency



Sources: Calculations based on data from NHS Digital for April 2023





# The Food Foundation Kids Food Guarantee

Actions to guarantee that children can eat well during the cost-of-living crisis and prevent lasting damage to their health and wellbeing

## Make essentials affordable

### 1 Fruit and Veg Guarantee

Ensure that at least a week's worth of 5 a day (>10 different products, fresh, frozen or tinned) are competitively priced and available at all stores.



### 2 Staples Guarantee

- Guarantee multibuy deals on carbohydrate staples not on HFSS foods
- Guarantee wholegrain and/or 50:50 wheat products are at price parity or at a lower price to the refined equivalent
- Guarantee budget ranges are available in every store, including local and convenience
- Offer an own brand formula and/or insulate prices on first infant formulas from the worst of inflation.



## Support health for those feeling the squeeze

### 3 Kids Categories Guarantee

Guarantee that the healthiest products (with the lowest NPM score) in two key kid's categories responsible for the majority of sugar intake is the cheapest per 100g: yogurts & boxed breakfast cereals.



### 4 Lunch box Guarantee

Lunchbox meal deal. Offer weekly lunchbox items that are compliant with School Food standards and make up 5 lunches that can be bought through a multibuy deal.



## Rebalance shopping baskets

### 5 Act for a healthier, more sustainable future

- Advocate for the expansion of the Healthy Start scheme
- Promote and communicate the Healthy Start scheme
- Rebalance advertising so that a greater % of promotions, marketing and campaigns are focused on healthier and more sustainable staple foods such as fruit and veg, pulses and wholegrains





#### WITH THANKS TO OUR FUNDER



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