National Centre for Social Research

Society Watch 2023

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

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Contents

Summary

Society Watch is an annual snapshot of life in Britain, drawing on research by the National Centre for Social Research (NatCen) as well as other sources. In 2023, Society Watch focuses on the cost-of-living crisis, how people are being affected by and responding to it, and what it might mean for the future. Society Watch 2023 includes fresh findings from the NatCen Panel, which was surveyed in January 2023.

As the world recovered from the COVID-19 pandemic, prices started rising sharply, with Russia's invasion of Ukraine accelerating inflation...

- Consumer Price Index (CPI) inflation peaked at over 11 per cent in October 2022.
- Food and beverage inflation remained above 18 per cent in May 2023.

...resulting in a sharp drop in living standards, particularly for poorer people.

- The Office for Budget Responsibility (OBR) forecast a 5.7 per cent fall in UK living standards between 2022 and 2024 – the biggest two-year fall since the 1950s.
- Different spending patterns meant that lower income households experienced effective inflation rates three percentage points above those for higher income households.

The cost-of-living crisis comes after a period of persistent poverty…

- Relative poverty rates in 2021/22 were 22 per cent after housing costs – as high as they have been for the past 20 years, while the proportion of that group in deeper poverty has grown from 35 to 42 per cent over the same period.
- Poverty rates were higher for households with children, without anyone in work, in rented accommodation, and which include a disabled person; rates were particularly high for households headed by someone from Bangladeshi, Pakistani or Black ethnic groups.

…and follows the COVID-19 pandemic, which dealt a blow to people's finances, physical and mental health.

- While some people saved money and paid off debts during the pandemic, poorer people saw debt rise and no significant change in savings.
- The proportion of people aged 17 to 19 with probable mental disorders increased from 17 to 26 per cent between 2021 and 2022.
- The number of working age people across the UK who were economically inactive owing to ill-health grew from 2 to 2.5 million between spring 2019 and spring 2023.

As inflation hit household incomes, spending patterns changed…

- People are eating less healthy food, eating out less, and cutting back on their social lives, with men more likely to be cutting back than women in many cases.
- People are also shopping around more, and have reduced spending on clothing, home improvements, electronics and furniture (but increased spending on travel).
- More than 60 per cent of the lowest income households were going without essentials such as food, heating, toiletries or showers.

…problems paying bills increased…

- 15 per cent of people were in arrears of some sort, with people 'finding it very difficult' to make ends meet nearly 35 times more likely to have household bills arrears than those 'living comfortably'.

- Nearly 50 per cent of people were struggling to pay energy bills in early 2023; young adults, people with children and people living in rented accommodation were under particular pressure.

...and people were saving less and borrowing more.

- Almost two thirds had cut back on saving, with young middle-aged people (30- to 49-year olds) and Black people particularly likely to be doing so.
- The number of poorer households making use of loan sharks and other high-cost credit providers increased.

Early impacts of the crisis can already be seen in food security...

- 47 per cent of people (and higher proportions of younger adults and those 'finding it very difficult' to make ends meet) were eating less healthy food.
- Nine per cent of people had run out of food and been unable to buy more in the past month, and 13 per cent had skipped meals or cut down on the size of meals.

...heating and energy use...

- 90 per cent had taken measures to reduce heating use by January 2023.
- One in five adults said that they were struggling to keep their home warm in the middle of winter.

...and mental health.

- There was an increase in worries about mental health and work-life balance compared to the pre-pandemic period, and a slight rise in worries about money or debt.
- A third of people said their mental health had been affected by the crisis, with the impact highest for younger people.

As the crisis continues, it risks leading to longer-term physical and mental health impacts on adults and children, with knock-on societal consequences for public services, wellbeing and economic productivity. Government interventions have helped to mitigate the impact of rising prices; action may also be needed to prevent the short-term impacts of a crisis leading to longer term damage to our health, economy and society.

Introduction

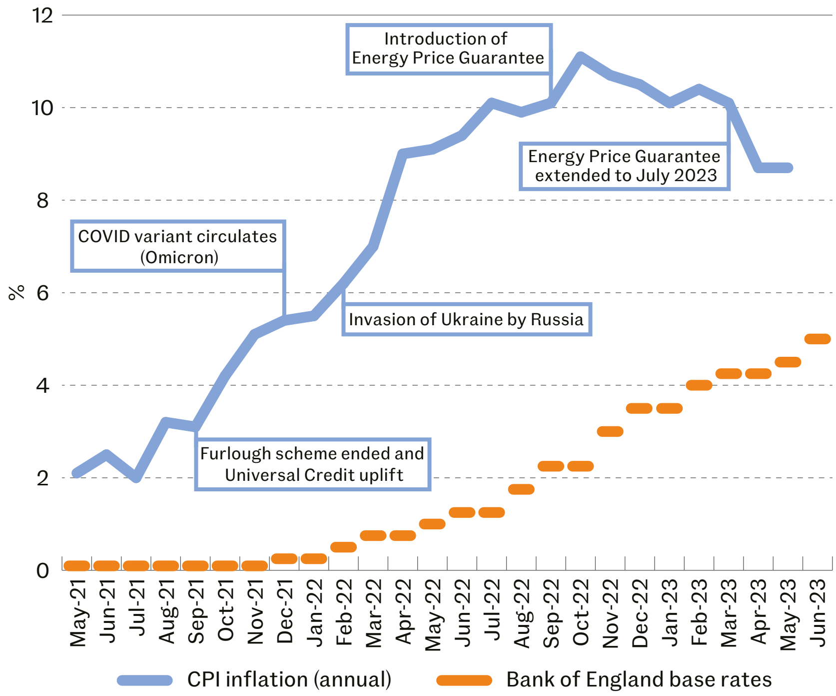
Society Watch 2023 focuses on how the cost-of-living crisis has affected society, and what it might mean for the future, drawing on original research from the National Centre for Social Research (NatCen), as well as a wide variety of other sources.

Recent years have been a turbulent period for the UK. Our exit from the European Union in January 2020 was followed almost immediately by the COVID-19 pandemic and the extra-ordinary measures put in place to protect lives and livelihoods. As the pandemic abated, Russia's invasion of Ukraine in February 2022 provided a shock to the global economic system and in particular to supplies of natural gas to western Europe.

One consequence of these disruptions has been a sharp rise in prices in the UK. Consumer Price Index (CPI) inflation breached the government's two per cent target in May 2021 and peaked in October 2022 at 11.1 per cent. CPI inflation fell to 8.7 per cent in May 2023, though food and non-alcoholic beverage inflation was 18.4 per cent, near its highest rate for 45 years.

Chart 1 outlines how CPI inflation, interest rates, external events, government interventions in relation to COVID and the cost-of-living crisis have evolved since May 2021. It focuses on measures applied in England; those adopted in devolved administrations may differ.

Chart 1: inflation, interest rates, external events and policy interventions, May 2021-March 2023



Source: ONS, Consumer Price Inflation, UK: April 2023, May 2023.

Rising fuel costs have led price rises. Though the Government's price cap has mitigated the direct impact of rising energy costs on domestic customers, the impact has fed through to everything from food, to leisure, to the costs of services such as childcare. Wages are rising more slowly than prices, with the result that real household disposable income per person (the Office for Budget Responsibility's measure of living standards) is expected to fall by a total of 5.7 per cent over from April 2022 to March 2024 – the biggest two-year fall since records began in 1956-57[1].

1 Office for Budget Responsibility, *Economic and Fiscal Outlook*, March 2023 https://obr.uk/docs/dlm_uploads/OBR-EFO-March-2023_Web_Accessible.pdf

Inflation has not been affecting everyone equally, however. Lower income households spend a larger proportion of their income on food and drink, and energy, so are particularly exposed to rising prices. As a result, when CPI inflation reached 11.1 per cent in October 2022, the effective rate for the 10 per cent of households with the lowest disposable income was 12.5 per cent, while the 10 per cent of households with the highest disposable income were experiencing 9.6 per cent inflation[2]. Householders with mortgages are exposed to the increase in interest rates that gathered pace through 2022, but fixed-rate mortgage deals have deferred the impact of these to date; as a result Consumer Prices Index including owner-occupiers' housing costs (CPIH) inflation, has risen more slowly, peaking at 9.6 per cent in October 2022.

This report looks at how the crisis has affected people, from their spending patterns to their mental health, drawing on original research by NatCen, and also bringing together insights from other research (using UK-wide data where available, but focusing on data about England for the sake of simplicity and clarity where this is not possible). The report begins by outlining some aspects of poverty and disadvantage in the UK today, then looks at evidence on the impact of a (still live) crisis on people's behaviours, consumption patterns and wellbeing, and closes by highlighting some of the longer-term impacts that the fall in living standards may have on society.

Special thanks to:

Jules Allen, Josefien Breedvelt, Katie Crabb, Alun Humphrey, Curtis Jessop, Natalie Maplethorpe, Franziska Marcheselli, Gillian Prior and Mari Toomse-Smith for their input and support.

2 Office for National Statistics, *Inflation and Cost of Living for Household Groups: UK*, October 2022 https://www.ons.gov.uk/economy/inflationandpriceindices/articles/inflationandthecostoflivingforhouseholdgroups/october2022

1. Background: poverty and resilience

The cost-of-living crisis has become acute since mid-2021, but it comes against a backdrop of persistent levels of poverty and material disadvantage, and close behind the disruptive impacts of the pandemic. This chapter outlines trends and patterns of poverty and disadvantage before the next turns to the impact of the crisis.

1.1 Poverty and deprivation

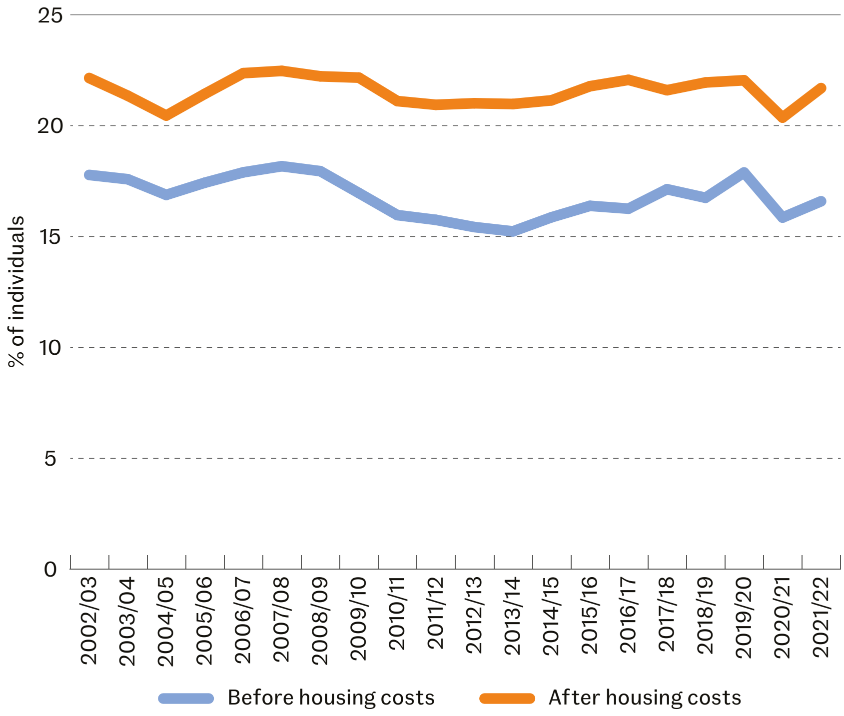
1.1.1 Trends and patterns of poverty

The Households Below Average Income (HBAI)[a] report is the principal source for poverty statistics in the UK. In 2021/22, HBAI data shows that the proportion of individuals in poverty was 17 per cent before housing costs, rising to 22 per cent after housing costs (around 11 million and 14.5 million people respectively). The definition used here is ‘relative poverty’, that is people living in a household below 60 per cent of median income.

a HBAI is based on the annual Family Resources Survey, undertaken by the Office for National Statistics (ONS) and NatCen on behalf of the Department for Work and Pensions.

While headline poverty rates have not changed dramatically over the past decade (Chart 2), the proportion of people in deeper poverty has grown. Joseph Rowntree Foundation (JRF) analysis of HBAI data shows a growth in very deep poverty (defined as less than 40 per cent of median income after housing costs) over the past two decades: in 2001/02, 35 per cent of people in poverty were in very deep poverty; in 2021/22, this proportion had risen to 42 per cent[3].

Chart 2: poverty rates before and after housing costs



Source: HBAI (2023), Table 1.3a.

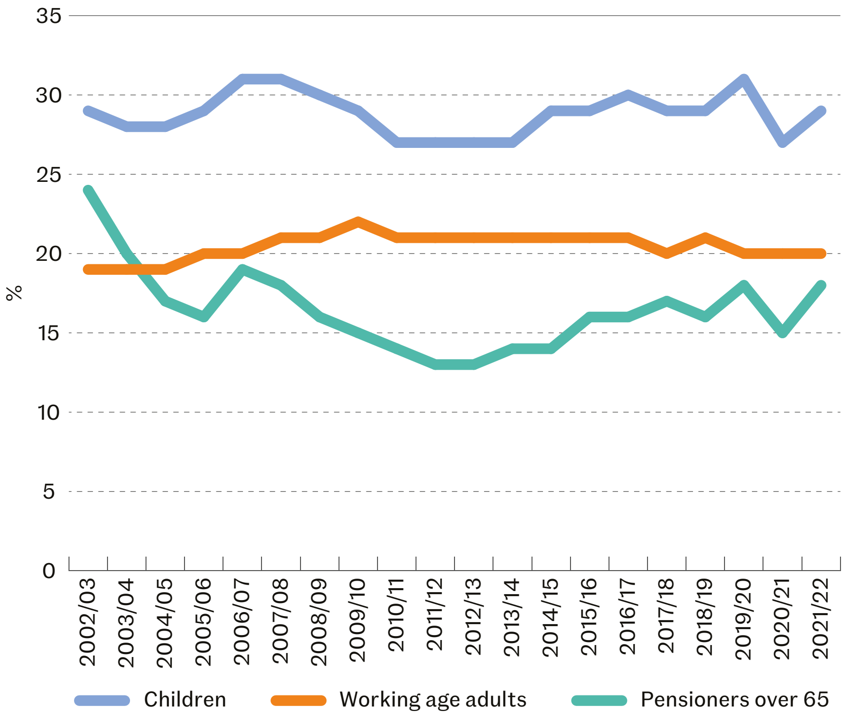
Poverty rates vary considerably between and within groups. In some cases, different factors intersect – for example, younger adults are more likely to be living in poverty, but also more likely to be living in private rented accommodation – creating multi-faceted challenges. Here we present some headlines, largely based on the latest HBAI data:

Age

Children are more likely to live in households in poverty – almost 30 per cent did in 2021/22 – and pensioners are less likely to do so. Both these groups saw falls in poverty rates in the early 2010s and a rise in the years leading up to the pandemic (see Chart 3).

3 JRF analysis of HBAI based on 2021/22 income distribution figures and 2001/02 micro-data

Chart 3: UK poverty rates by age group after housing costs



Source: HBAI (2023), Tables 1.4, 1.5 and 1.6.

Worklessness

Poverty rates were higher in households where no adult was working (37 per cent), than in households where at least one adult was working (17 per cent)[4].

Housing tenure

Housing costs are an important factor in poverty rates. In 2021/22, 12 per cent of people in households that owned their own home were in poverty, compared to 43 per cent of social tenants and 35 per cent of private renters[5].

4 NatCen analysis of 2021/22 HBAI data, 2023

5 NatCen analysis of 2021/22 HBAI data, 2023

Locality

People living in poverty are distributed throughout the UK, but the rate after housing costs was highest in the West Midlands, North East England and London, each of which had an average rate of 25 per cent or more for the years 2019/20-2021/22[6]. Estimates of 2020/21 child poverty rates after housing costs indicate that rates are highest in urban areas: the ten local authorities with rates above 40 per cent include five London boroughs, along with Luton, Newcastle-upon-Tyne, Birmingham, Manchester and Middlesbrough[7].

Ethnicity

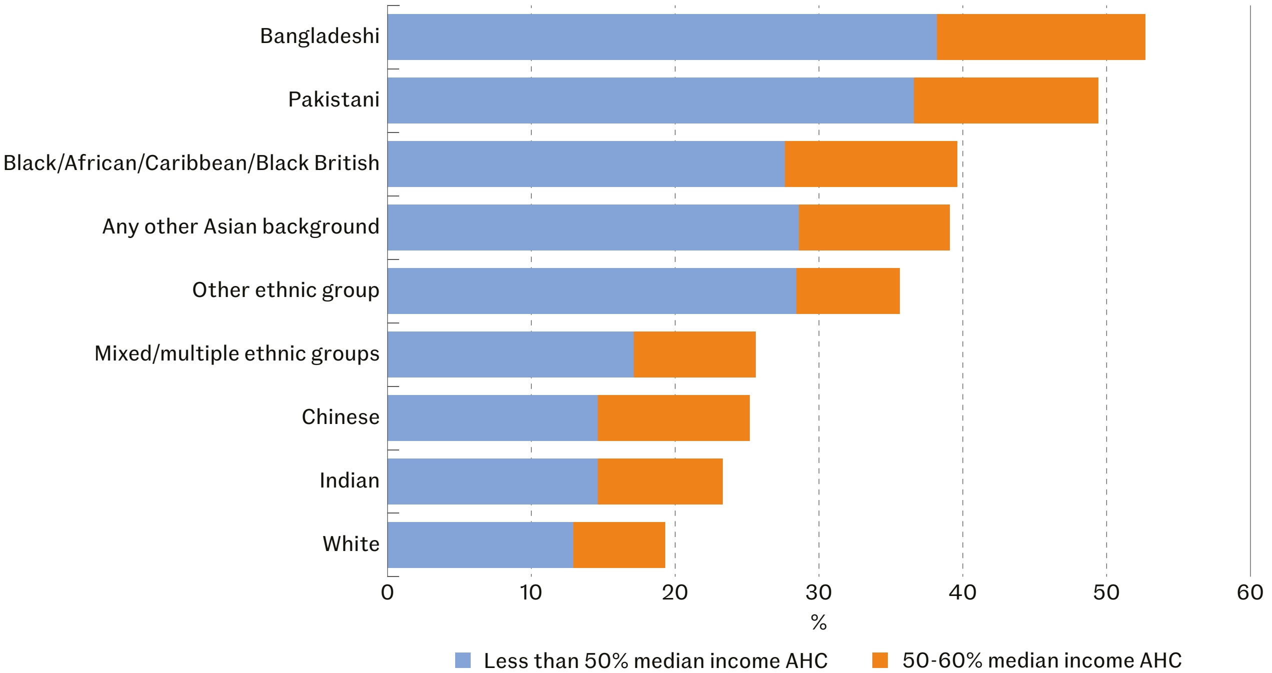
Poverty rates differed sharply between minority ethnic groups, based on the ethnicity of the head of household (Chart 4). Over the three years to 2021/22, 53 per cent of people in households in the Bangladeshi ethnic group, 49 per cent from the Pakistani ethnic group, and 40 per cent from Black ethnic groups were in poverty, compared to 19 per cent of people from White ethnic groups. Much higher proportions of people living in Bangladeshi, Pakistani, Black and other Asian households were also in deep poverty (i.e. less than 50 per cent of median income after housing costs), compared to White households[8].

6 HBAI (2023) Table 3.17ts

7 Stone J, *Local indicators of child poverty after housing costs 2020/21*, Centre for Research in Social Policy, Loughborough University 2022 https://endchildpoverty.org.uk/wp-content/uploads/2022/07/Local-child-poverty-indicators-report-2022_FINAL.pdf

8 NatCen analysis of 2021/22 HBAI data, 2023

Chart 4: poverty and deep poverty after housing costs (AHC) by ethnicity of head of household



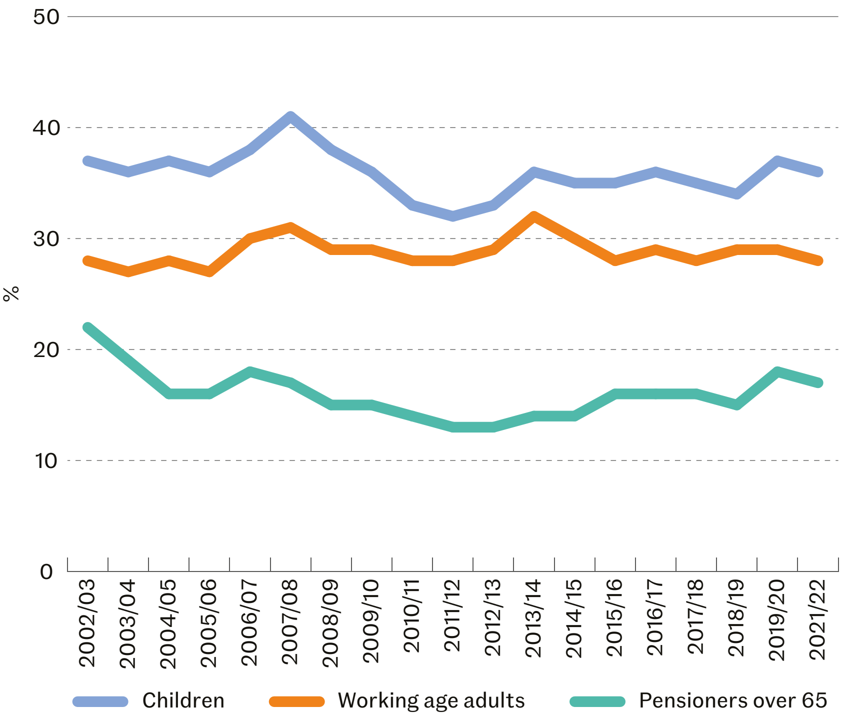
Source: NatCen analysis of 2021/22 HBAI data, 2023.

Disability

Poverty rates were also higher for children and adults in families which include a disabled person; in both cases, poverty rates were higher than for families which did not include a disabled person (Chart 5 – data for 2020/21 omitted for technical reasons).
The poverty rates for pensioners were much closer together, even tending to be slightly lower when disability is present[9].

9 HBAI (2023) Table 1.7

Chart 5: poverty rates by presence of disability after housing costs



Source: HBAI (2023), Table 1.7.

1.1.2 Material deprivation: food, furniture, housing

The HBAI dataset also includes measures of material deprivation, which use surveys to assess whether people are able to access a basic set of goods and amenities (e.g. to keep their home repaired and decorated, take a holiday, replace worn-out furniture and basic appliances, and pay bills). Different measures are used for different age groups (e.g. measures for children include being able to participate in school trips).

In 2021/22, around 4.4 million children (16 per cent), 7.5 million working age adults (19 per cent), and 707,000 pensioners (six per cent) were living in households experiencing material deprivation[10]. In some but not all cases, these individuals were also living in poverty: seven per cent of children and six per cent of adults were living in poverty and material deprivation.

10 NatCen analysis of 2021/22 HBAI data, 2023.

For the first time in 2021/22, HBAI looked at food bank use, alongside levels of food security. Around 2.4 million people (17 per cent) of those in poverty were in households classified as 'food insecure' in 2021/22 (meaning that lack of money over the previous 30 days had had an impact on the quality and variety of their food intake, or even resulted in disruption to normal eating patterns), and around 1.3 million were in households that had made use of a food bank over the previous 12 months. Children living in poverty were more likely to be living in a food insecure household or households that used a food bank.

Table: food security and food bank use for people living in low-income households (2021/22)[11]

	Children	Working age adults	Pensioners	Total
Living in food insecure households (millions)	0.9	1.4	0.1	2.4
Food insecure (%)	22	18	3	17
Living in households that used a food bank in past year (millions)	0.5	0.7	[low]	1.3
Used a food bank in past year (%)	22	18	3	17

Source: HBAI (2023) Tables 9.3, 9.5, 9.7.

Recent research by the End Furniture Poverty campaign drew on NatCen Panel data to investigate how many people lacked one or more of a checklist of 11 'essential' items (including a bed, carpet and a TV). The research found that around nine per cent of the UK population (six million people) were living without one or more of these items, and that around one million people were in 'deep furniture poverty', living without three or more of these items. Rates of furniture poverty were particularly high for disabled people, people from Black ethnic groups, and people living in social housing[12].

11 HBAI (2023) Tables 9.3, 9.5, 9.7

12 Bond D and Donovan C, *The Extent of Furniture Poverty in the UK*, End Furniture Poverty, April 2023. https://endfurniturepoverty.org/wp-content/uploads/2023/05/The-Extent-of-Furniture-Poverty-in-the-UK-final-3.pdf

The English Housing Survey (EHS)[b] found that in 2021 around 3.4 million occupied English homes (14 per cent) failed to meet the 'decent homes standard' (though rates have improved in recent years) and around 732,000 households (three per cent) were overcrowded[13].

1.2 Financial resilience and health

1.2.1 Finances

The Financial Conduct Authority's UK-wide Financial Lives Survey (FLS)[14] shows the divergent ways in which the pandemic affected financial resilience for people across the UK. The survey showed a reduction in debt and growth in savings between 2020 and 2022. However, people with household income under £15,000 per annum saw their debts increase, and saw no significant change in their savings.

At the same time the Survey found that the number of adults with low financial resilience had increased by one million, from 23 to 24 per cent of the adult population, since February 2020. Low financial resilience includes people who would be unable to withstand losing their main source of income for a week, and those struggling to pay or already behind with bills. The proportion of people facing actual financial difficulties (defined as: having fallen behind, or missed, any payments for domestic bills or credit commitments in three or more of the last six months) was unchanged at eight per cent over the same period.

People who were renting were almost three times more likely to have low financial resilience than mortgaged homeowners, and Black/Black British adults were almost twice as likely to have low financial resilience compared to the UK average. 66 per cent of those with low financial resilience had savings of £1,000 or less.

b NatCen delivers EHS on behalf of the Department for Levelling Up, Housing and Communities, in collaboration with the Building Research Establishment and CA Design Services

13 Department for Levelling Up Housing and Communities, *English Housing Survey 2020/21 (EHS): headline report*, DLUHC 2022. https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report

14 FCA, *Financial Lives 2022 survey: insights on vulnerability and financial resilience relevant to the rising cost of living,* October 2022. https://www.fca.org.uk/data/financial-lives-2022-early-survey-insights-vulnerability-financial-resilience#lf-chapter-id-consumers-in-vulnerable-circumstances

The English Housing Survey ran an additional 'Household Resilience Study' during the pandemic, with a total of three waves in 2020 and 2021[15]. The final wave of the Study included the following findings:

- Two per cent of people buying with a mortgage reported arrears, up from 0.5 per cent before the pandemic, but less than in summer 2020. The most common reasons for arrears were reduced pay and reduced hours. A further three per cent were expecting to fall behind with mortgage payments in the next three months.
- The proportion of private renters in arrears had also doubled – from three per cent in June-July 2020 to seven per cent in April-May 2021. Arrears levels for social renters were higher, at 13 per cent, but had not dramatically increased during the pandemic.
- 22 per cent of households had used savings to pay their rent or mortgage, with renters most likely to do so. Renters were also most likely to be behind with bills: 25 per cent of social renters and 17 per cent of private renters reported this in April-May 2021, compared to five per cent of mortgaged homeowners.

1.2.2 Physical and mental health

The pandemic also took a toll on some people's mental health. The third wave of the Mental Health of Children and Young People in England follow up survey[c] took place in April-May 2022[16]. Using the Strengths and Difficulties Questionnaire (SDQ), a standardised emotional and behavioural questionnaire, it found that the proportion of 17- to 19-year olds with a probable mental disorder had risen sharply – from 17 to 26 per cent – between 2021 and 2022, with rates particularly high for young women. There was no significant change for younger age groups.

15 Department for Levelling Up Housing and Communities, *English Housing Survey Household Resilience Study, Wave 3 April-May 2021*, October 2021. https://www.gov.uk/government/statistics/household-resilience-study-wave-3

c The survey was commissioned by NHS England, and delivered by NatCen in collaboration with ONS, and the Universities of Cambridge and Exeter

16 NHS Digital, *Mental Health of Children and Young People in England 2022 – wave 3 follow up to the 2017 survey*, November 2022. https://digital.nhs.uk/data-and-information/publications/statistical/mental-health-of-children-and-young-people-in-england/2022-follow-up-to-the-2017-survey/part-1---mental-health

There has also been a much-discussed rise in the number of working age people who are economically inactive owing to ill health. The total number of these across the UK rose from two million in spring 2019 to more than 2.5 million in spring 2023, though more detailed analysis suggests that COVID is not the only or main reason for this rise[17].

17 ONS, *Half a million more people are out of the labour force because of long-term sickness*, November 2022 (updated by Jan-Mar 2023 Labour Force Survey tables) https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/halfamillionmorepeopleareoutofthelabourforcebecauseoflongtermsickness/2022-11-10

2. Responses and impacts

By April 2023, inflation meant that average earnings were six per cent lower in real terms than they had been two years earlier[18], and Institute for Fiscal Studies analysis predicted that benefits in April 2023 would be six per cent lower in real terms than they had been pre-pandemic, despite the uplifts announced by governments since 2021[19]. In this chapter, we examine how people have responded to the cost-of-living crisis to date in terms of spending, paying bills, saving and borrowing, and working. We also review how the crisis, and people's response, has affected hunger and food security, heating, housing security and health.

To do so we have drawn on findings from a January 2023 survey of a representative sample of 2,145 adults (18+) recruited from the probability-based NatCen Panel about the impacts of the cost-of-living crisis. We conducted descriptive analysis of the Panel findings, comparing the experiences of different groups, and data from different years, where possible, to understand how things have changed.

18 ONS, *X09: Real average weekly earnings, using consumer price inflation*, 2023. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/x09realaverageweeklyearningsusingconsumerpriceinflationseasonallyadjusted

19 Ray-Chaudhuri S, *Many benefit recipients will be worse off until April 2025 because of the failure of payments to keep up with inflation*, IFS, February 2023. https://ifs.org.uk/news/many-benefit-recipients-will-be-worse-until-april-2025-because-failure-payments-keep-inflation

Regression analysis was also conducted to measure the impact of different factors, such as age, on outcomes, after controlling for other factors such as household income, ethnicity, and parental status. The results of these regression analyses are presented as charts showing the relative likelihood of different groups exhibiting certain behaviours, after controlling for additional factors.

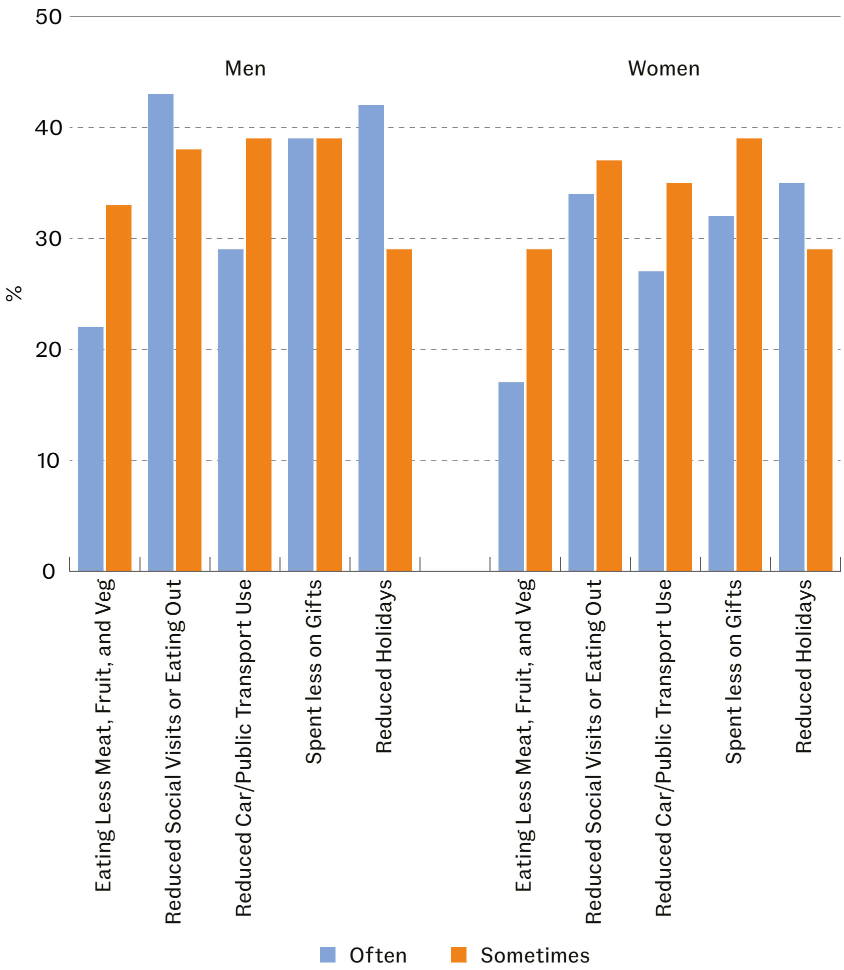
Alongside the NatCen Panel data, we have used official statistics, and economic, survey and consumer data from other sources to present a rounded picture of how the cost-of-living crisis is affecting society.

2.1 Responses to the crisis

2.1.1 Spending

NatCen Panel participants were most likely to report cutting back expenditure by eating less fresh food, eating out less and reducing social visits, making fewer journeys, spending less on gifts, and reducing the number or cost of holidays. However, men were generally more likely than women to say they had reduced their spending, with the largest difference in spending regarding holidays and social visits (Chart 6). Cost cutting measures were also more common in younger participants. People aged 18-24 were more likely than older participants to be cutting back on dining out, social visits, and holidays. These cost cutting measures were also more prevalent in those from minority ethnic backgrounds and those who reported finding their current financial situation 'very difficult'.

Chart 6: how people have tried to reduce living costs

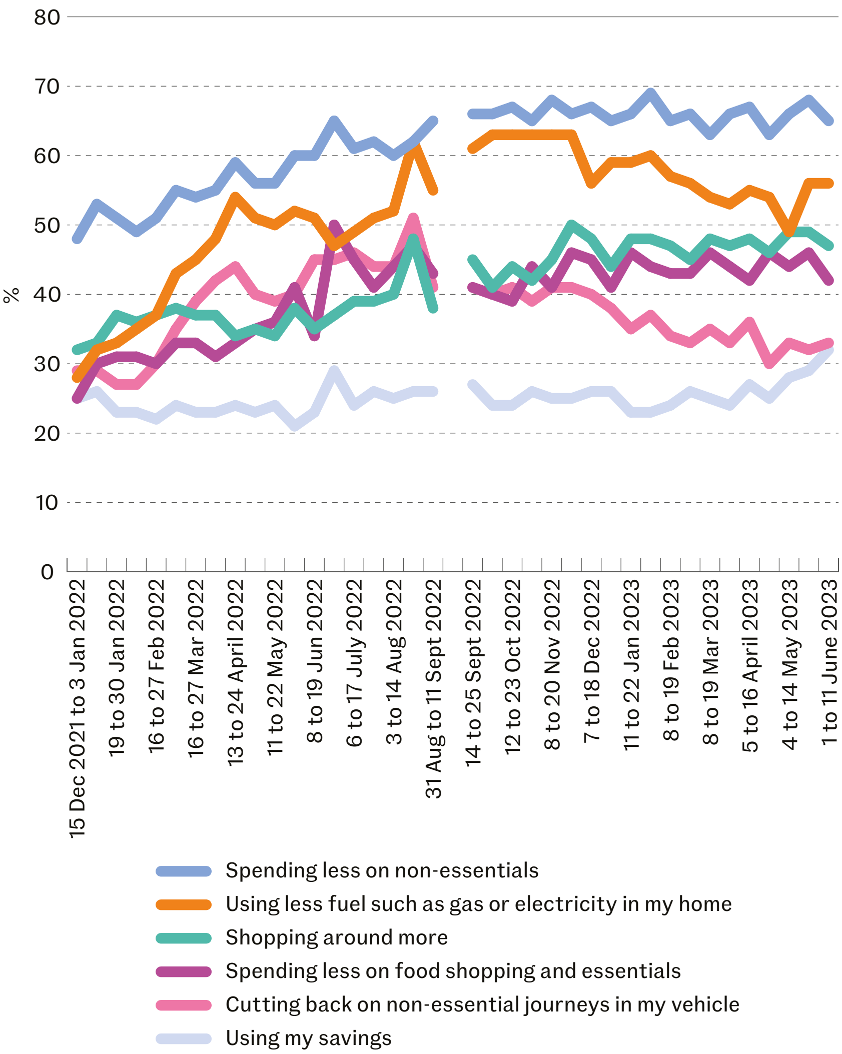


Source: NatCen Panel, 2023.

The ONS's regular Opinion and Lifestyles Survey has been asking how people are responding to the crisis since the beginning of 2022. Chart 7 shows how responses have changed over time (the break in the data shows when the base population for the survey changes from 'adults who said their cost of living has increased over the last month' to 'all adults'). The most common response to the crisis has been spending less on non-essentials, which two thirds of people report doing, though there has been an increase over time in people using their savings. The proportions reducing non-essential journeys by car and cutting back on fuel use appear to have fallen, perhaps reflecting falling petrol and diesel costs and the impact of government support with energy bills, as well as seasonal variations[20].

20 ONS, Public Opinions and Social Trends: 1 to 11 June 2023, June 2023. https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/publicopinionsandsocialtrendsgreatbritain/1to11june2023

Chart 7: changing responses to the cost-of-living crisis



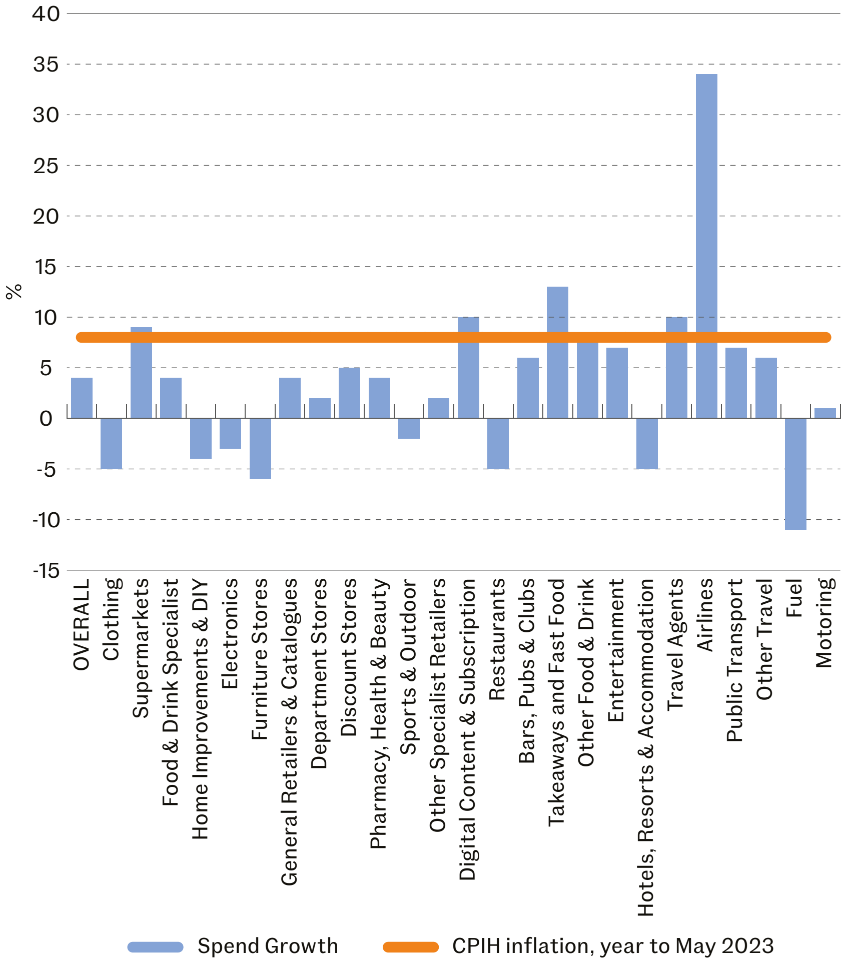
Source: ONS, Public Opinions and Social Trends: 1 to 11 June 2023, June 2023.

Consumer spending statistics also offer some insights. Barclays Consumer Spending Index compares UK Barclays debit and Barclaycard credit card transactions with the previous year (in this case the dates are 23 April to 20 May 2022, and 22 April to 19 May 2023)[21]. Overall spending on these cards (which may or may not be representative of the wider population) has not kept up with CPIH inflation over the year, indicating spending restraint by cardholders, but there are some notable differences between sectors (Chart 8):

21 Barclays, *Barclays Consumer Spending Index May 2023*, June 2023. https://home.barclays/news/press-releases/2023/06/consumer-card-spending-grew-just-3-6-per-cent-in-may--while-food/

- Expenditure on clothing, home improvements, electronics and furniture has fallen;
- Restaurant spending has fallen, while spending on takeaways and digital subscriptions has risen faster than inflation; and
- Travel agent and airline expenditure has increased sharply as COVID restrictions on travel have eased and prices in the sector have risen.

Chart 8: change in expenditure, year to April/May 2023



Source: Barclays, Barclays Consumer Spending Index May 2023, June 2023.

The impact of the crisis has been much greater for poorer people. Joseph Rowntree Foundation (JRF) has undertaken repeated polling of low-income households (defined here as in the lowest 40 per cent of households in terms of equivalised income before housing costs)[22]. Their most recent 'cost-of-living tracker' in May 2023 found that 7.3 million households (63 per cent of low-income households) were going without essentials such as food, heating, toiletries or showers – a rise on the figures for May 2022. The impact on low-income households was greatest if they were receiving Universal Credit, were lone parents, were younger adults (18-44), or were from a Black or mixed ethnic group. More than 80 per cent of each of these groups were going without essentials in summer 2023.

2.1.2 Paying bills

Even where people are not cutting back on day-to-day expenditure, an increasing number are struggling with paying bills. 21 per cent of UK adults felt burdened by bill payments (compared to 15 per cent in May 2022)[23].

15 per cent of NatCen Panel participants reported being in some form of arrears[24]. The most common forms of arrears reported were general debt and household bills (such as utilities or TV licences). Comparing the proportion of people in household bills arrears over time showed that groups who were more likely to be in arrears in 2019 – Black people and people struggling with their current income – were in a much worse position in 2023. The proportion with household bills arrears was 39 per cent for Black participants (compared to eight per cent for White participants) and 48 per cent for those 'finding it very difficult' financially (compared to one per cent for those 'living comfortably')[d].

22 Earwaker R and Johnson-Hunter M, *Unable to escape persistent hardship: JRF's cost of living tracker, summer 2023*, June 2023. https://www.jrf.org.uk/report/unable-escape-persistent-hardship-jrfs-cost-living-tracker-summer-2023

23 FCA, *Financial Lives January 2023: consumer experience of the rising cost of living* - the burden of bills and ways to get support, May 2023. https://www.fca.org.uk/publications/financial-lives/financial-lives-january-2023-consumer-experience

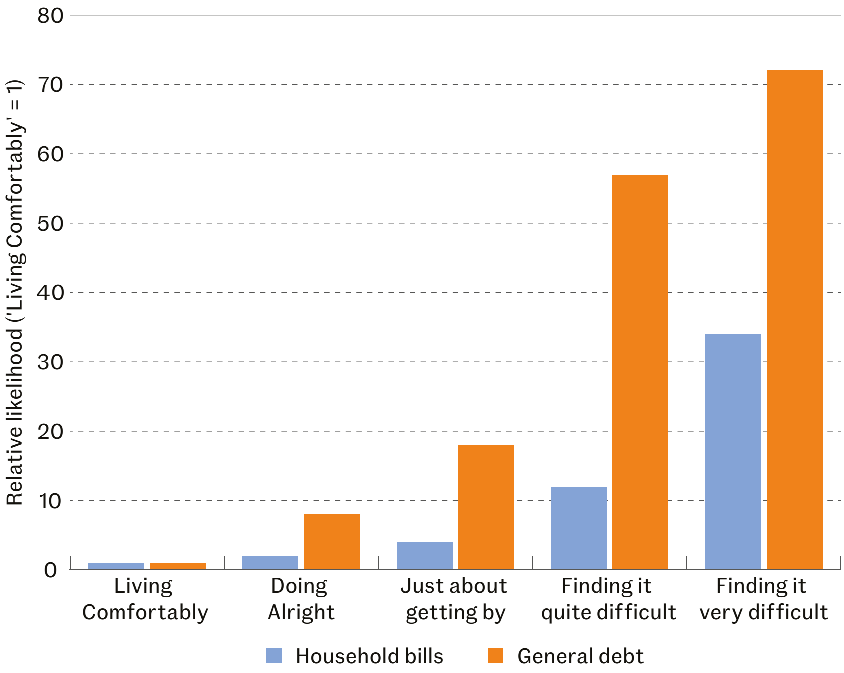
24 NatCen Panel, 2023

d The NatCen Panel research is able to classify respondents based on their own perception of their financial wellbeing ('subjective income'); whether they are 'Living comfortably', 'Doing alright', 'Just about getting by', 'Finding it quite difficult', or 'Finding it very difficult'.

After controlling for other factors, our analysis found that people between the ages of 30-39 were twice as likely as younger adults to have household bills arrears, whereas those aged 70 and over were almost 70 per cent less likely to do so. The picture across different minority ethnic groups was less clear: on average, minority ethnic participants were 30 per cent more likely to have these arrears than White people, but this result is not statistically significant.

Chart 9 compares the relative likelihood of having household bills arrears or general debt arrears, depending on people's judgement of their own financial circumstances. It shows that for people who said they were finding it 'quite' or 'very' difficult, the likelihood of having these types of arrears increases exponentially. Those who report 'finding it very difficult' are 34 times more likely to have household bill arrears than those 'living comfortably', and 72 times more likely to be in arrears for general debt.

Chart 9: relative likelihood of being in arrears based on subjective income



Source: NatCen Panel, 2023.

Aggregating data from surveys between September 2022 and January 2023, ONS investigated which groups were most likely to be facing financial vulnerability (defined through a blend of indicators including inability to cope with unexpected expenses, difficulty paying energy bills and increased borrowing)[25]. This found that young adults (aged 25 to 34) had twice the risk of people over 75. Renters and people with children over five years old had four times the risk of people who owned their own homes and people not living with children.

The JRF cost-of-living tracker found that 39 per cent of low-income households were in arrears with household bills in May 2023, up from 33 per cent in October 2021[26].

2.1.3 Borrowing and saving

The NatCen Panel also gathered data on saving habits[27]. 63 per cent of participants reported that they were 'sometimes' not putting money aside for savings if they had done so previously. Cutting back on savings in this way was more common for people aged 30-49 than for younger participants. Those aged 50 and above were no more likely to cut back on saving compared to those aged 18-29, and those aged 70 and were half as likely to have done so.

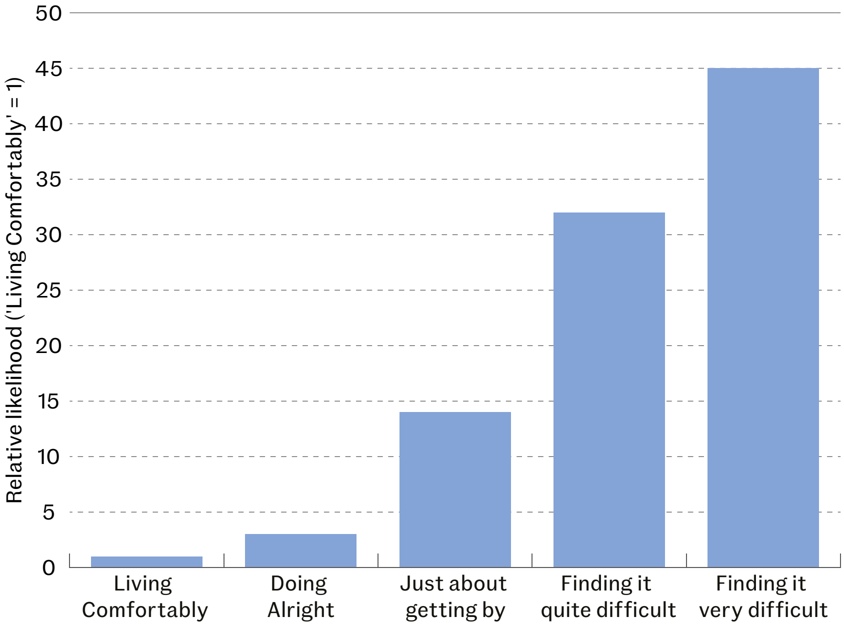
Both household income and how people reported managing financially were associated with participants reducing the frequency of saving: those with household incomes less than £1,500 per month had a 60 per cent higher likelihood of cutting back compared to those taking home £2,500 or more per month. More dramatically, those who reported 'finding it very difficult' were 45 times more likely to report cutting back on saving than those who reported they were 'living comfortably' (Chart 10).

25 Davis J et al, *Impact of increased cost of living on adults across Great Britain, September 2022 to January 2023*, ONS February 2023. https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/articles/impactofincreasedcostoflivingonadultsacrossgreatbritain/september2022tojanuary2023

26 Earwaker and Johnson-Hunter, op cit

27 NatCen Panel, 2023

Chart 10: relative likelihood of cutting back on savings based on subjective income



Source: NatCen Panel, 2023.

Another response to the crisis has been to lean more heavily on credit. The ONS Opinion and Lifestyles Survey shows a rise in those saying they had to borrow more compared to a year previously, from 18 per cent in November 2021 to 25 per cent in May 2023. The use of credit varied with age: 39 per cent of 30- to 49-year-olds said they were borrowing more in May 2023 than the previous year, compared to just eight per cent of people aged 70 and over[28].

The JRF's cost-of-living tracker found that poorer people are particularly likely to be turning to high-cost credit (loan sharks, doorstep lenders, payday lenders and pawn shops) to make ends meet, compounding the long-term impact of debt. 22 per cent of poorer households were using such credit in May 2023, a similar level to a year previously[29].

28 ONS, Public Opinions and Social Trends: 17 to 29 May 2023, June 2023. https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/publicopinionsandsocialtrendsgreatbritain/17to29may2023

29 Earwaker and Johnson-Hunter, op cit

2.1.4 Working

The cost-of-living crisis differs from some previous episodes of economic stress in that, to date, it has not seen a dramatic rise in unemployment. UK unemployment rose slightly during the pandemic – from 4.1 to 5.0 per cent between the beginning of 2020 and the beginning of 2021 – but the Government's Job Retention Scheme limited job losses. Unemployment fell through 2021 and 2022, returning to 3.7 per cent by February to April 2023 – slightly lower than at the beginning of the pandemic, though economic inactivity remains marginally higher (21.1 per cent in early 2023 compared to 20.3 per cent in early 2020)[30]. Job vacancies rose sharply through 2021, as the economy re-opened following the pandemic, and peaked at 1.3 million in March to May 2022, before falling back to 1.1 million in March to May 2023[31].

The NatCen Panel found that only a minority of people were seeking to make ends meet through changing work behaviours[32]. 13 per cent of participants reported increasing working hours and 10 per cent reported changing job. More than 40 per cent of those who reported taking on more hours were aged 34 and below, and less than seven per cent were aged 55 and over. Black participants were most likely to have taken on extra work or changed job (over twice as likely as White participants), whereas Asian participants had the lowest proportion of any ethnic group. Those who reported 'finding it quite difficult' were most likely to have changed work habits. However, a lower proportion of those 'finding it very difficult' reported doing so, suggesting that these people are less able to make a difference to their financial situation by taking on more work. The JRF cost-of-living tracker showed 44 per cent of people in low-income households had sought to take on more work in autumn 2022[33].

30 ONS, *Labour Force Survey table A02*, June 2023. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentunemploymentandeconomicinactivityforpeopleaged16andoverandagedfrom16to64seasonallyadjusteda02sa

31 ONS, *Vacancies and Jobs in the UK*, May 2023. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/june2023

32 NatCen Panel, 2023

33 Earwaker R, *Going under and without: JRF's cost of living tracker, winter 2022/23*, December 2022 https://www.jrf.org.uk/report/going-under-and-without-jrfs-cost-living-tracker-winter-202223

2.2 Impacts of the crisis

2.2.1 Eating and food security

A range of survey data has shown the changes in eating and food buying habits during the cost-of-living crisis. NatCen Panel data shows that 47 per cent of people have reduced the amount of fresh fruit, vegetables, and meat they are eating, with those aged 34 and below and those who reported they were finding it 'quite difficult' or 'very difficult' to manage financially most likely to have done so[34].

In January 2023 ONS found that nine per cent of people said their household had on occasion run out of food and been unable to buy more over the previous month, 13 per cent said they or another adult in the household had skipped meals or cut down on the size of meals, and eight per cent had gone hungry. In all these cases, the impact appears to have been most severe for people aged 16-29, and least severe for those aged 65 and over. The most frequently cited means of economising on food was eating out less (mentioned by 63 per cent) and buying cheaper food (52 per cent)[35].

Research by the Food Standards Agency highlights the growth in food insecurity. In April to July 2022 around 20 per cent of people were classified as 'food insecure'[36], a rise from April to June 2021, when 15 per cent fell into this category[37]. In 2022, the rate was particularly high for people aged 25-34 (30 per cent), households with children under 16 years (29 per cent), households with an annual income of less than £19,000 (43 per cent). and people who were long-term unemployed (59 per cent).

34 NatCen Panel, 2023

35 ONS, *Tracking the impact of winter pressures in Great Britain: impacts of the cost of living on behaviours and health, 18 to 29 January 2023*, February 2023 https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/trackingtheimpactofwinterpressuresingreatbritain/18to29january2023

36 Armstrong B et al, *Food and You 2: wave 5 key findings*, Food Standards Agency March 2023. https://www.food.gov.uk/research/food-and-you-2/food-and-you-2-wave-5

37 Armstrong B et al, *Food and You 2: wave 3 key findings*, Food Standards Agency January 2022. https://www.food.gov.uk/research/food-and-you-2/food-and-you-2-wave-3

The impact of the crisis can also be seen in the number of people turning to food banks. The Trussell Trust, a network of more than 1,200 food banks across the UK, handed out just under three million parcels of food in the year ending 31 March 2023, 56 per cent more than in 2019/20 (before the pandemic). 38 per cent of food parcels were for children and around 20 per cent were for people from working households[38].

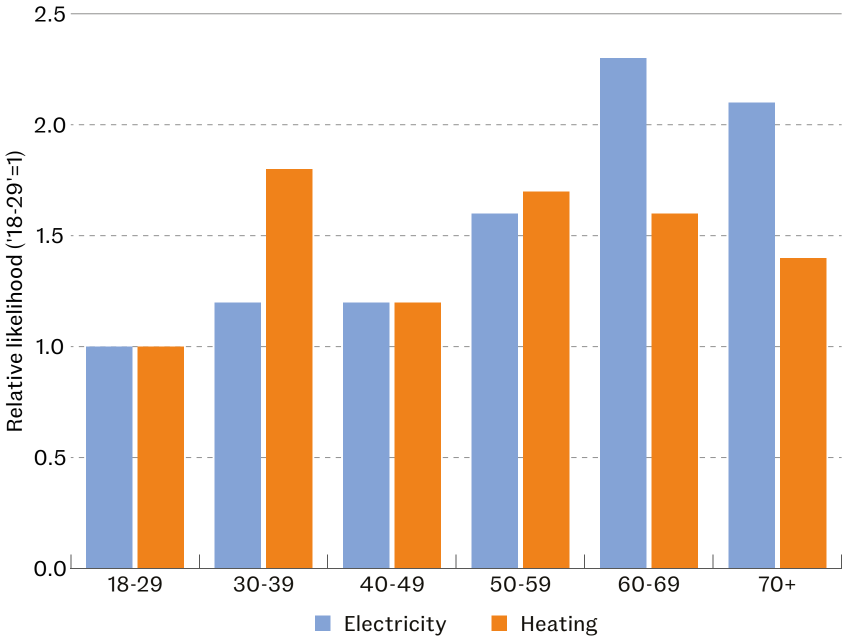
2.2.2 Heating and energy use

Government support for energy bills has mitigated some of the impacts of rising prices, but people are facing challenges. NatCen Panel data shows that 90 per cent of participants had turned heating down or off, and 86 per cent had reduced electricity use in January 2023[39]. Focusing just on age groups suggests that measures were more common in people aged 18-49. However, regression analysis shows that, after controlling for demographics, income, employment, and parental status, participants aged 60 and over were twice as likely to reduce their electricity use as those aged 29 and younger, though the pattern is less clear for heating (Chart 11).

38 Trussell Trust, *Emergency food parcel distribution in the United Kingdom: April 2022-March 2023, April 2023*. https://www.trusselltrust.org/wp-content/uploads/sites/2/2023/04/EYS-UK-Factsheet-2022-23.pdf

39 NatCen Panel, 2023

Chart 11: relative likelihood of cutting back on electricity and heating use based on age



Source: NatCen Panel, 2023.

Regression analysis also showed men were 40 to 50 per cent less likely than women to reduce their energy usage. Analysis of how people felt they were managing financially showed those 'finding it very difficult' were 14 times more likely to cut back on energy use compared to those 'living comfortably'.

The January 2023 ONS Opinions and Lifestyles Survey found that 94 per cent of adults seeking to reduce fuel bills said they were using heating less, and 43 per cent said they were using baths and showers less. One in five adults said they had been "occasionally, hardly ever or never" able to keep their home warm over the previous two weeks[40].

40 ONS, *Tracking the impact of winter pressures in Great Britain: impacts of the cost of living on behaviours and health, 18 to 29 January 2023 (OPN)*, February 2023 https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/trackingtheimpactofwinterpressuresingreatbritain/18to29january2023

2.2.3 Housing and homelessness

During the pandemic, government regulations restricted landlords' ability to repossess properties and evict tenants. Since those restrictions ended in May 2021, evictions have risen in England, but remain below 2019 levels. However, the number of claims issued by private landlords increased by around 25 per cent between January-March 2020 and the same period in 2023. This may indicate more evictions may follow as these are processed (though the rise may also be the result of a backlog after the eviction ban). By contrast, claims by social landlords were around 40 per cent lower in early 2023 than they had been three years earlier, and mortgage claims were also lower than pre-pandemic[41].

Homelessness and rough sleeping increased during 2022, though remained at or below pre-pandemic levels. 73,000 people in England sought help from local authorities after being made homeless or becoming at risk of homelessness in September to December 2022, a similar number to the same period in 2019. Just over 100,000 households were in temporary accommodation – nearly 15 per cent more than in 2019. 62,000 of these were households with children[42]. A snapshot survey in England on one night at the end of October 2022 found 3,069 people sleeping rough, more than in 2020 and 2021 (when government provided extra support during the pandemic), but fewer than in 2019 when a similar survey found 4,266 people sleeping rough on one night[43].

41 Ministry of Justice, *Mortgage and Landlord Possession Statistics, January to March 2023*, MoJ May 2023. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1157281/Mortgage_and_Landlord_Possession_Tables_Q1_Jan_to_Mar_2023.ods

42 Department for Levelling Up, Housing and Communities, *Statutory homelessness live tables, July to September 2022*, DLUHC, February 2023. https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness#full-publication-update-history

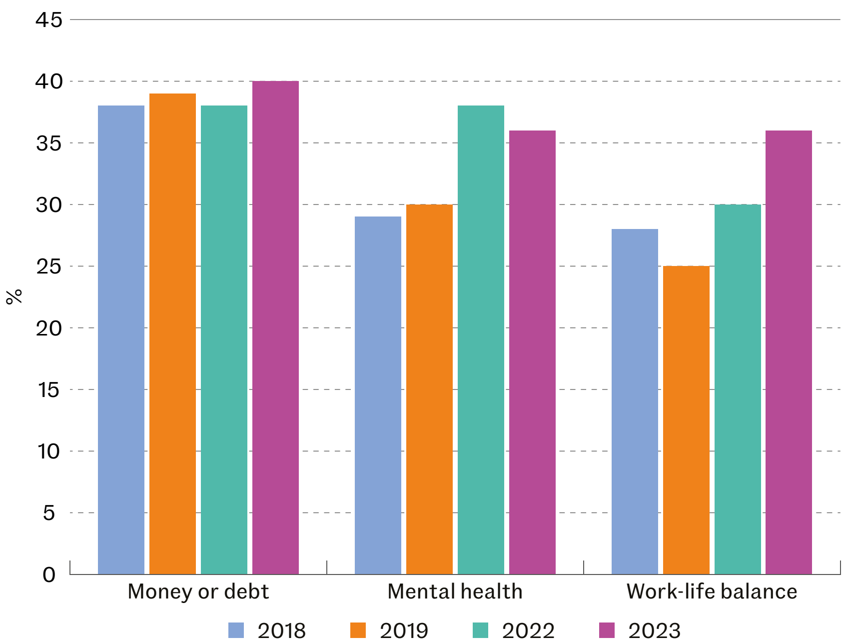
43 Department for Levelling Up, Housing and Communities, Rough sleeping snapshot in England, autumn 2022, DLUHC, February 2023. https://www.gov.uk/government/statistics/rough-sleeping-snapshot-in-england-autumn-2022/rough-sleeping-snapshot-in-england-autumn-2022#main-findings

2.2.4 Health

Data from the January 2023 wave of the NatCen Panel shows a small increase in worries about money and debt, but sharper increases compared to pre-pandemic figures in worries about mental health and work-life balance (Chart 12)[44]. Compared to 2019, the proportion of participants feeling very dissatisfied with their life also increased, most notably from three to seven per cent for those aged 40-49, and 30 per cent of people 'finding it very difficult' to manage financially were very dissatisfied with life in 2023, a rise from 15 per cent in 2019.

Our analysis also showed that men reported significantly higher levels of worry concerning mental health, money or debt, and employment than women did. This reflects a shift in emphasis since Society Watch 2022, which found women feeling increasingly worried about family health and wellbeing compared to men[45].

Chart 12: changing levels of worry about different topics



Source: NatCen Panel, 2018, 2019, 2022, 2023.

44 NatCen Panel, 2023

45 Breedvelt J et al, *Society Watch 2022 – Anxious Britain: How worried are we in 2022*, NatCen 2022. https://natcen.ac.uk/publications/society-watch-2022-anxious-britain-how-worried-are-we-2022

In January 2023 ONS also found that many interviewees identified the cost-of-living crisis as having a negative impact on mental health[46]. 34 per cent said their mental health had been affected in the previous two weeks, with the greatest effect among younger age groups and people living in the most deprived areas of England. Interviewees cited not being able to afford heating and cutting back on energy use as having the greatest impact on both mental and physical health. The Financial Lives Survey found that 54 per cent of UK adults had felt more stressed in the six months to January 2023 over the rising cost of living, with 28 per cent losing sleep and 24 per cent suffering from mental health problems[47].

A survey of English NHS trust leaders, undertaken by NHS Providers in September 2022, found a substantial majority (72 per cent) said they were seeing more patients seeking help for mental health problems as a result of stress, debt and poverty. A majority also said they were seeing issues with patients managing existing conditions, delaying seeking medical help, and a rise in conditions caused by fuel or food poverty[48].

46 ONS, *Tracking the impact of winter pressures in Great Britain: 18-29 January 2023*, February 2023 https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/trackingtheimpactofwinterpressuresingreatbritain/18to29january2023#impacts-of-winter-pressures-on-physical-and-mental-health

47 FCA (2023), op cit

48 NHS Providers, *Rising living costs - the impact on NHS, staff and patients*, September 2022. https://nhsproviders.org/rising-living-costs-the-impact-on-nhs-staff-and-patients

3. Longer term impacts and risks

At the time of writing, we are still in the midst of the cost-of-living crisis. We have seen its immediate impacts on people's spending patterns and behaviours, and how these are playing out for different demographic groups. But we do not yet know what its long-term impacts will be.

In this chapter, we look at what academic and social research has shown us about the long-term impacts of financial and material insecurity. This is illustrative rather than predictive, as this crisis is different in nature from previous economic and financial crises; we are not (yet) in a technical recession, nor have we seen the rise in unemployment and home repossessions that have had a scarring effect in previous recessions.

In many cases research has identified an association between patterns of disadvantage and insecurity and longer-term problems, but may not have demonstrated a causal relationship. Nonetheless the findings summarised are indicative of some of the social risks that may face policy makers and society in coming years.

We focus on the impact of financial insecurity, food insecurity and poor housing conditions on individuals, their health and wellbeing, then outline some of the broader economic and social impacts.

3.1 Financial insecurity

Financial insecurity has immediate and long-term effects on many aspects of people's lives from birth to old age, as well as being the foundation of other insecurities, including food, housing and heating. There is a cyclical relationship between financial insecurity and health: health problems make it harder to earn money, and financial difficulties cause stress and anxiety, which may precipitate or deepen physical and mental health problems. In particular, people with mental health problems can act impulsively, or have trouble managing money and seeking support[49].

NatCen research has shown that those in the most precarious financial circumstances are also most likely to experience adverse mental health consequences from external shocks. These people suffered the sharpest increase in mental distress at the onset of the COVID-19 pandemic and were much more likely to have received a new mental health diagnosis between May 2020 and January 2021[50]. Other research confirms that financial stress can raise psychological distress, anxiety and depression, particularly for people who are more vulnerable financially[51].

3.2 Food insecurity

As discussed in previous chapters, food costs are rising particularly fast, and many families report economising on food shopping to make ends meet. People are reporting shopping around for cheaper food, skipping meals, running out of food and in some cases going hungry. Food insecurity and poor nutrition can have significant effects on health and prosperity, particularly for children.

49 Money and Mental Health Policy Institute, *Money and mental health: the facts*, 2019. https://www.moneyandmentalhealth.org/wp-content/uploads/2019/03/debt-mental-health-facts-2019.pdf

50 Smith N and Taylor I, *Finances and mental health during the COVID-19 pandemic*, NatCen, April 2021.

51 Naragon-Gainey C, *How financial stress can affect your mental health and five things that can help*, The Conversation, March 2023. https://theconversation.com/how-financial-stress-can-affect-your-mental-health-and-5-things-that-can-help-201557

3.2.1 Obesity

A poor diet can lead to weight loss, but also to obesity, as nutritious foods are replaced with cheap, sugary, high-energy alternatives[52]. Though obesity is more common in adults, children living in poverty are more likely to become obese and even more likely to be severely obese; and this obesity tends to persist into adulthood, when it becomes a risk factor for 13 types of cancer and arthritic problems[53]. In addition, children who are obese can find it harder to lose weight as adults; this could be the result of childhood scarring by food scarcity and feelings of not having enough to eat[54].

3.2.2 Dental decay

Children in poverty who have a poorer diet tend also to be at increased risk of dental decay. High sugar foods can result in permanent dental damage, which can cause problems through life. A survey conducted for the British Dental Association by YouGov showed that 77 per cent of respondents felt that decayed teeth or bad breath could hinder a candidate's chances of getting a job in public or client-facing roles. 62 per cent felt that it would disadvantage applicants if they had visibly missing teeth, decayed teeth or bad breath, and 60 per cent believed that it could hinder promotion prospects[55].

52 Kobylińska M et al. *Malnutrition in Obesity: Is It Possible?* in Obes Facts. 2022;15(1). https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8820192/.

53 Cancer Research UK, *How does obesity cause cancer*, 2018 https://www.cancerresearchuk.org/health-professional/awareness-and-prevention/obesity-and-cancer-information-for-health-professionals/how-does-obesity-cause-cancer

54 Wright C, *Evidence to POST food security and children's health event*, September 2021 https://post.parliament.uk/event-summary-food-insecurity-and-childrens-health/#professor-charlotte-wright

55 British Dental Journal, *Bad teeth damage career prospects*, July 2016. https://doi.org/10.1038/sj.bdj.2016.482

3.2.3 Learning and development

A poor diet during a child's early life can hold back participation in school and development, leading to further problems in adult life[56]. Food insecurity in childhood is associated with cognitive impairments (including maths and vocabulary), and also with impaired motor skills development and school readiness[57 58].

Food insecurity not only directly impacts child development but can indirectly influence it through the home environment. In a household that is in poverty, parents' time and resources are focused on managing food access and availability, leaving them unable to provide as much support as they might otherwise to facilitate their child's development – both emotional support, and financial support including for extracurricular activities[59].

3.2.4 Multi-generational impacts

When children in poverty have a reduced food intake (as a result of skipped or smaller meals) this can have a multi-generational impact. Women who were undernourished (in this instance underweight rather than obese) as a child were found to be more likely to have underweight babies. One study has found that undernutrition can span at least three generations[60]. Long-term conditions associated with being born at a low weight include an increase in the rates of diabetes, high blood pressure, obesity, and coronary artery and heart disease in adulthood[61].

56 Pauwelyn M et al, *'It's like a chronic illness': A report on food insecurity impact school aged children in London*, The Childhood Trust 2022. https://www.childhoodtrust.org.uk/wp-content/uploads/2022/11/Food-Insecurity-2022-Report-1.pdf

57 Shankar, P et al, *Association of Food Insecurity with Children's Behavioral, Emotional, and Academic Outcomes: A Systematic Review*. Journal of Developmental & Behavioral Pediatrics 38(2) 2017 https://journals.lww.com/jrnldbp/Abstract/2017/02000/Association_of_Food_Insecurity_with_Children_s.6.aspx.

58 de Oliveira K et al, *Household food insecurity and early childhood development: Systematic review and meta-analysis*. Matern Child Nutr. July 2020 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7296813/

59 Gallegos D et al., *Food Insecurity and Child Development: A State-of-the-Art Review.* International Journal of Environmental Research and Public Health. 2021 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8431639/.

60 Victora C, *Maternal and child undernutrition: consequences for adult health and human capital*. Lancet 2008 https://www.thelancet.com/action/showPdf?pii=S0140-6736%2807%2961692-4

61 Keith R. *Free school meals: the lifelong impact of childhood food poverty*. The Conversation, October 2020. https://theconversation.com/free-school-meals-the-lifelong-impact-of-childhood-food-poverty-148660

3.2.5 Longer-term impacts on adult health

In addition to the impact on a child's development and the knock-on effects into adulthood, food insecurity has a long-term impact on adults, and specifically on their mental health. Severe food insecurity is associated with an increased risk of developing six adverse mental health outcomes (including depressive thoughts in the past month, major depressive episodes in the past year, anxiety disorder, mood disorders, fair/poor mental health status, and suicidal thoughts in the past year). This can lead to a loss in productivity, which can worsen financial and food insecurity[62].

3.3 Housing conditions

Financial insecurity affects housing as well as food security. Problems with meeting housing costs can lead to people living in substandard housing, or to housing instability (frequent moves) which can have a harmful impact in the long term on a family's health, and child development and academic outcomes.

3.3.1 Housing quality

People on lower incomes who live in substandard housing are exposed to health and safety risks. There is increasing evidence of links between housing quality and illness from infectious diseases, chronic illnesses, poor nutrition, and mental disorders. Chronic illnesses (e.g. asthma and other respiratory conditions) are associated with damp, cold and mouldy housing (this is after controlling for factors including income, smoking, social class, crowding, and unemployment); specifically, studies have shown an association between damp and mouldy housing and recurrent headaches, nausea, vomiting, fever, and sore throats[63 64]. Alongside these health impacts, poor-quality housing can affect a child's development and academic outcomes[65 66].

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62 Jesseman-Perreault G and McIntyre L. *The household food insecurity gradient and potential reductions in adverse population mental health outcomes in Canadian adults*, SSM – Population Health, December 2017. https://www.sciencedirect.com/science/article/pii/S2352827316301410.

63 Krieger J and Higgins D. *Housing and health: time again for public health action*. American Journal of Public Health, 2002. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447157/.

64 Institute of Medicine Committee on the Assessment of Asthma and Indoor Air. *Clearing the Air: Asthma and Indoor Air Exposures*. National Academies Press (US), 2000. http://www.ncbi.nlm.nih.gov/books/NBK224477/.

65 Schupmann W, *How housing quality affects child mental health*, Housing Matters, October 2017. https://housingmatters.urban.org/articles/how-housing-quality-affects-child-mental-health

66 Rollings K et al, *Housing and neighborhood physical quality: children's mental health and motivation*, Journal of Environmental Psychology 2017. https://www.sciencedirect.com/science/article/abs/pii/S027249441730004X

3.3.2 Housing instability

Housing instability – having to move regularly – has similar effects on children's development and academic outcomes. US research has found that low-income children who move house frequently owing to housing instability are more likely to perform less well in school, have higher rates of learning disabilities and behavioural problems, and are less likely to graduate from high school[67]. They are also likely to be employed in lower-earning jobs[68]. Analysis of the UK's Millennium Cohort Study also shows an association between regularly moving house and experiencing poor mental health[69].

3.3.3 Fuel and heat poverty

A systematic review of the evidence linking fuel poverty and health has indicated that cold conditions and fuel poverty have a significant effect on the mental health of adults and young people, on children's respiratory health, on infant weight gain and on susceptibility to illness. For example, children who live in cold, damp and mouldy homes are between 1.5 and 3 times more likely to develop asthma symptoms than those living in warm and dry homes[70]. A government-commissioned review in 2012 estimated that 10 per cent of excess winter deaths are directly attributable to fuel poverty[71].

3.4 Societal impacts

These impacts are not just problems for the individuals affected, but for society. Some aspects of social wellbeing are hard to quantify, but indicative assessments and possibly overlapping quantifications of the potential impacts of financial insecurity, food insecurity and poor housing conditions on society are set out below:

67 Voight A et al. *The Longitudinal Effects of Residential Mobility on the Academic Achievement of Urban Elementary and Middle School Students*. Educational Researcher 2012 https://journals.sagepub.com/doi/pdf/10.3102/0013189X12442239

68 Fischer W, *Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children*. Centre on Budget and Policy Priorities, 2015 https://www.cbpp.org/sites/default/files/atoms/files/3-10-14hous.pdf

69 The Health Foundation, *Relationship between health and residential moves*, April 2021. https://www.health.org.uk/evidence-hub/housing/housing-stability-and-security/relationship-between-health-and-residential-moves

70 UCL Institute of Health Equity. *Fuel poverty and cold home-related health problems*. Public Health England 2014. https://www.instituteofhealthequity.org/resources-reports/local-action-on-health-inequalities-fuel-poverty-and-cold-home-related-health-problems/read-the-report.pdf

71 Hills J, *Getting the measure of fuel poverty: Final Report of the Fuel Poverty Review*, CASE 2012. https://sticerd.lse.ac.uk/dps/case/cr/casereport72.pdf

- **Financial insecurity and fertility rates**: while job losses are the feature of financial crises most associated with depressed fertility rates, there is also evidence that a rising tax burden and falling benefits can have an impact on fertility[72]. Academic research on the impacts of austerity in the UK has also highlighted the role that financial uncertainty can play in lowering birth rates[73]. If these factors serve to reduce the UK's declining birth rates even further (alongside related factors such as lack of affordable housing and childcare costs), a falling population could depress economic growth, and result in a growing imbalance between tax revenues and the cost of supporting an older population.
- **Poor nutrition and obesity**: in 2014/15, the UK Government estimated that the NHS spent £6.1 billion on obesity-related ill health, and projected that this could reach £9.7 billion in 2050 (with broader societal costs of £50 billion)[74]. A 2022 study by Frontier Economics for Novo Nordisk has estimated that obesity costs the UK NHS £6.5 billion annually, with an additional £50 billion cost in reduced life expectancy and quality of life, social care costs, and lowered productivity[75].
- **Housing and fuel poverty**: in 2021, the Building Research Establishment estimated that substandard housing was costing the NHS £1.4 billion per year, but also incurring costs (e.g. those relating to long-term care, poorer educational achievement, loss of economic potential and mental health) amounting to £18.5 billion per year[76]. Age UK estimates suggest that the annual cost of cold temperatures to the NHS in England is £1.36 billion[77].

72 International Monetary Fund, 'The global economic recovery 10 years after the 2008 financial meltdown' in *World Economic Outlook 2018*. https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018#Chapter%202

73 Hall, S. *I don't think I can cope – the people putting off parenthood because of austerity*, The Conversation, 13 September 2021. https://theconversation.com/i-dont-think-i-can-cope-financially-the-people-putting-off-parenthood-because-of-austerity-154607

74 Public Health England, *Health matters: obesity and the food environment*. 2017 https://www.gov.uk/government/publications/health-matters-obesity-and-the-food-environment/health-matters-obesity-and-the-food-environment--2

75 Frontier Economics, *Estimating the full costs of obesity*, January 2022. https://www.frontier-economics.com/media/5094/the-full-cost-of-obesity-in-the-uk.pdf

76 Garrett H et al. The cost of poor housing in England. BRE 2021 https://files.bregroup.com/research/BRE_Report_the_cost_of_poor_housing_2021.pdf

77 Cold homes cost NHS £1.36 billion, November 2012. https://www.ageuk.org.uk/latest-news/archive/cold-homes-cost-nhs-1-point-36-billion/

- **Poor educational attainment**: educational attainment not only affects a child's life chances, but it can also have an implication for society, through economic productivity, and public sector tax revenues and expenditure. As an illustration, a 2010 study looked at the lifetime costs of young people not in employment education or training. Though not all young people with impaired education will be in this group, and not all people in this group will have had poor educational outcomes, the report estimates the lifetime cost of a young person in this situation as £104,000[78].

Over the past eighteen months, Government has intervened to mitigate the impact of the rapid rise in inflation – particularly for food and energy bills. But citizens have still taken a hit to their standards of living. People are already spending less, saving less and borrowing more, and some of those who were left most vulnerable by the COVID pandemic are facing the toughest challenges. Even if inflation eases further in coming months, long-term action may be needed to prevent the short-term impacts of the cost-of-living crisis causing lasting damage to our health, economy and society.

78 Coles B et al, *Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training,* University of York, 2010. https://www.york.ac.uk/inst/spru/research/pdf/NEET.pdf

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