Article

Impact of increased cost of living on adults across Great Britain: September 2022 to January 2023

Analysis of the proportion of the population that are affected by an increase in their cost of living, and of the characteristics associated with financial vulnerability, using data from the Opinions and Lifestyle survey.

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Table of contents

1 . Main points

In this article, we have identified groups experiencing some form of financial vulnerability. In the latest pooled period, 14 September 2022 to 8 January 2023, we found:

- renters had higher odds of experiencing some form of financial vulnerability (4.4 higher odds), compared with those who own their home outright; more than half (55%) of renters reported being unable to afford an unexpected, but necessary, expense of £850, compared with 12% of outright homeowners

- adults aged 25 to 34 years had the highest odds of experiencing some form of financial vulnerability (2.2 higher odds), compared with those aged 75 years and over; around a third of adults aged 25 to 34 years (34%) reported borrowing more money or using more credit than usual compared with a year ago, compared with 7% of those aged 75 years and over

- parents living with dependent children aged 0 to 4 years and aged 5 years and over had higher odds of experiencing some form of financial vulnerability (3.5 and 4.1 higher odds respectively), compared with non-parents or parents not living with dependent children; around half (54%) of parents living with a dependent child reported being unable to save in the next 12 months, compared with 4 in 10 (42%) non-parents, or parents not living with a dependent child

- adults with a personal annual income of £10,000 up to £15,000 had the highest odds of experiencing some form of financial vulnerability (4.3 higher odds), compared with adults earning £50,000 or more per year; a higher proportion of adults earning £10,000 up to £15,000 per year reported being unable to save in the next 12 months (56%), compared with 24% of those earning £50,000 or more per year

- adults who pay for their gas or electricity through prepayment meters were almost twice as likely to report using credit because of the increases in the cost of living (26%) than those who do not pay for their gas and electricity through a prepayment method (14%)

2 . Experiences of increased cost of living

Cost of living increases and actions taken

Our Public opinions and social trends, Great Britain bulletin found that during the latest survey period, 25 January to 5 February 2023, over 9 in 10 (94%) adults reported their cost of living had increased compared with a year ago. A lower proportion (69%) reported an increase over the last month.

The most commonly reported reasons given by adults for the rise in their cost of living during this period were related to increases in the price of their food shop (95%), their gas or electricity bills (73%) and the price of their fuel (39%).

When asked what they were doing because of increases in the cost of living, around 7 in 10 (69%) adults said they were spending less on non-essentials, while 60% said they were using less fuel, such as gas or electricity in their home. These were the most commonly reported actions by all adults across Great Britain.

Throughout the rest of this article, we have used a larger pooled dataset covering 14 September 2022 to 8 January 2023 (the "latest pooled period"), to explore how the rising cost of living is impacting different groups of the population. This article highlights some of these differences, however further data can be found in the accompanying dataset.

Using less fuel, such as gas or electricity in home

In April 2022, the energy price cap was increased, meaning households were paying more for their energy use. The government's Energy Bills Support Scheme and the Energy Price Guarantee came into effect in October 2022, that may have affected the behaviours of individuals in this pooled dataset.

In addition to government support to limit household expenditure on energy bills, some groups were more likely to say they were using less gas or electricity in their home because of the increased cost of living, with 62% of all adults selecting this in the latest pooled period.

Similar to findings reported in our article looking at the actions people are taking because of the rising cost of living , we found those more likely to report using less gas or electricity in their home included:

- around 7 in 10 adults aged 55 to 64 years (72%) and 65 to 74 years (70%), compared with 40% of those aged 16 to 24 years

- homeowners and those paying off a mortgage (66% and 64% respectively), compared with 55% of renters

- two-thirds (66%) of parents living with dependent children aged 5 years and over, compared with 61% of non-parents or parents not living with dependent children

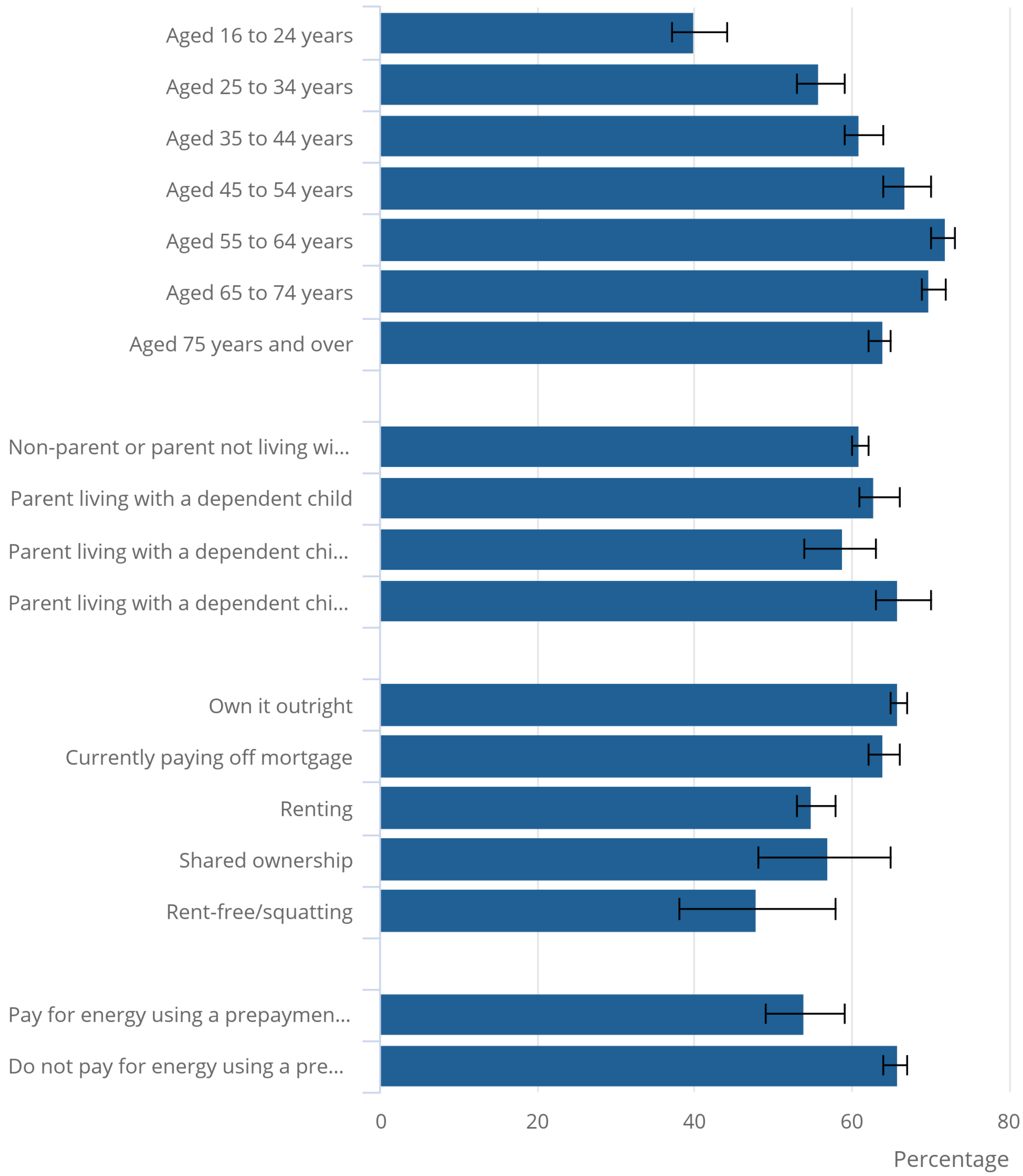
- two-thirds (66%) of adults who do not pay for their gas or electricity through a prepayment meter, compared with 54% of those who pay for their energy through such means.

Figure 1: Adults aged 55 to 74 years were among the most likely to report using less fuel in their home because of the increased cost of living

Proportions of adults reporting using less fuel such as gas or electricity in their home because of increases in the cost of living, by a range of characteristics, September 2022 to January 2023

Figure 1: Adults aged 55 to 74 years were among the most likely to report using less fuel in their home because of the increased cost of living

Proportions of adults reporting using less fuel such as gas or electricity in their home because of increases in the cost of living, by a range of characteristics, September 2022 to January 2023



Source: Office for National Statistics – Opinions and Lifestyle Survey (OPN)

Notes:

1. Parent living with a dependent child has been split into two further groups: parent living with a dependent child aged 0 to 4 years and parent living with a dependent child aged 5 years and over.

Using credit more than usual

With the cost of living rising, 15% of adults reported borrowing more than usual by using credit cards, their overdraft, or taking out a loan. While loans can provide short-term financial security, the increased use of credit can pose longer-term challenges for households.

Adults aged 25 to 34 years and 35 to 44 years were more likely to report having to use credit more than usual (26% and 23%, respectively) because of the increased cost of living, compared with both their younger and older counterparts.

A higher proportion of adults living in the most deprived areas of England also reported having to use credit more than usual (19%), compared with those in the least deprived areas (11%). Renters were four times more likely to report this action (22%), compared with adults who own their home outright (5%).

Parents living with dependent children were more likely to report using credit more than usual because of the rising cost of living (27%), compared with non-parents or parents not living with dependent children (12%). This higher rate appears to be driven by parents living with younger children (aged 0 to 4 years), with 30% selecting this action.

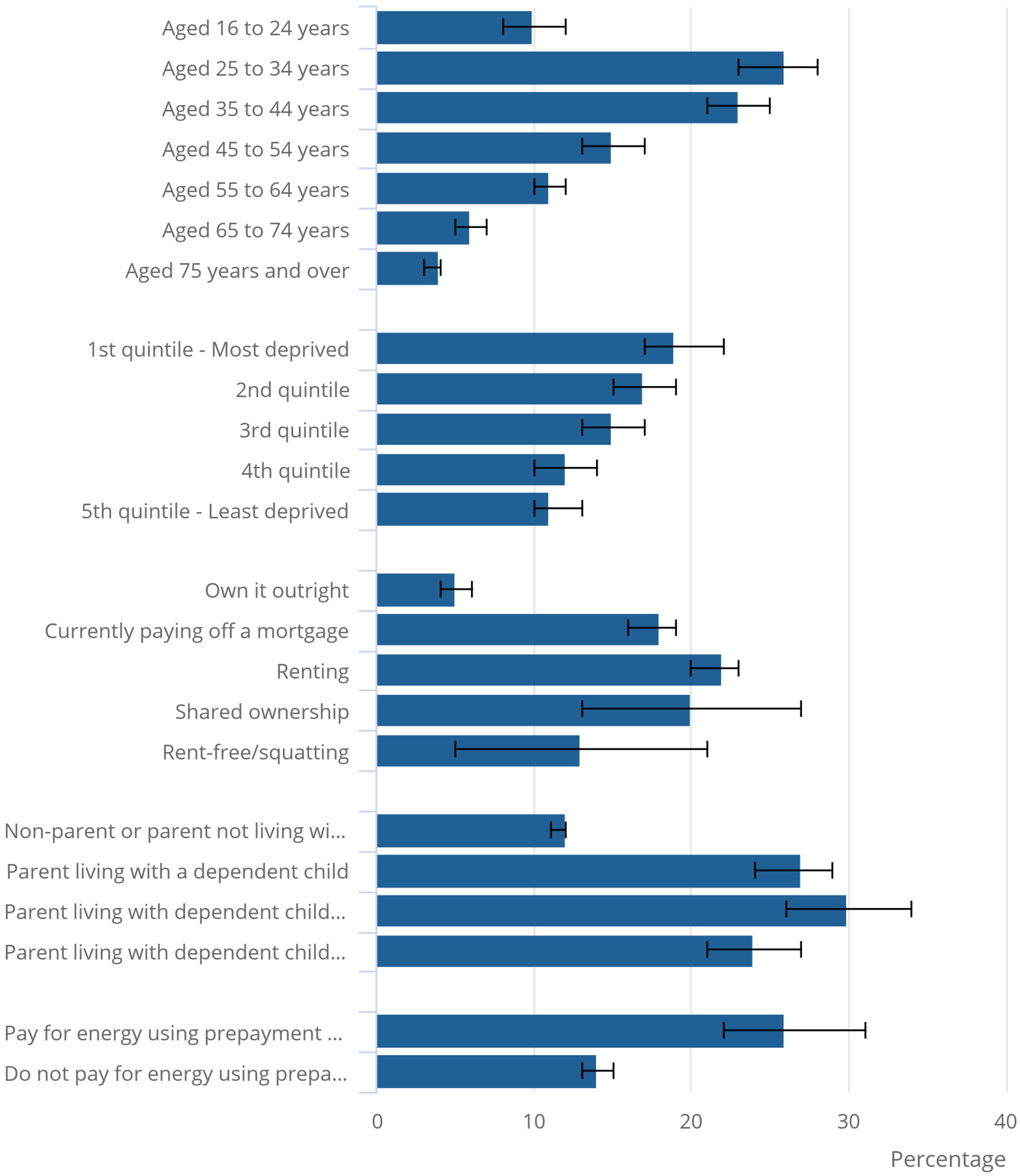
Adults who pay for their gas or electricity through prepayment meters were almost twice as likely to report using credit more than usual (26%) than those who do not pay for their gas and electricity through a prepayment method (14%).

Figure 2: Parents living with dependent children were among the most likely to report using credit more than usual because of the increased cost of living

Proportions of adults reporting using credit more than usual because of increases in the cost of living, by a range of characteristics, September 2022 to January 2023

Figure 2: Parents living with dependent children were among the most likely to report using credit more than usual because of the increased cost of living

Proportions of adults reporting using credit more than usual because of increases in the cost of living, by a range of characteristics, September 2022 to January 2023



Source: Office for National Statistics – Opinions and Lifestyle Survey (OPN)

Notes:

1. Area deprivation covers England only. For more information, see Section 5: Glossary.

2. Parent living with a dependent child has been split into two further groups: parent living with a dependent child aged 0 to 4 years and parent living with a dependent child aged 5 years and over.

3 . Characteristics associated with financial vulnerability

In our March 2022 article, we explored the characteristics associated with not being able to afford an unexpected, but necessary, expense of £850. In this article, we have expanded our measure of financial vulnerability to include three additional questions.

In the latest pooled period, we found that around a quarter (23%) of adults experienced some form of financial vulnerability. In this article, a person is considered to have experienced some form of financial vulnerability if three or more of the following applied to them:

- being unable to afford an unexpected, but necessary, expense of £850
- borrowing more money or using more credit than usual, in the last month, compared to a year ago
- being unable to save in the next 12 months
- finding it very or somewhat difficult to afford energy bills

This section presents findings from a logistic regression, that assesses the likelihood of having some form of financial vulnerability, after controlling for the following characteristics:

- age group
- sex
- region (including Wales and Scotland)
- disability status
- ethnicity
- employment status
- personal annual income
- highest education level
- housing tenure
- parental status
- household composition

After controlling for these characteristics, we found all factors to be associated with financial vulnerability, although no significant association was found for ethnicity. This section explores some of these findings in more detail, with further data available in the accompanying dataset.

For more information on the regression analysis, please see Section 6: Data sources and quality.

Age group

After controlling for a range of characteristics, adults aged 25 years and over were more likely to experience some form of financial vulnerability when compared with those aged 75 years and over. Adults aged 25 to 34 years had the highest odds (odds ratio equals 2.2), followed by those aged 45 to 54 years and 35 to 44 years (odds ratio equals 1.9).

A significant association was not found for those aged 16 to 24 years when compared with those aged 75 years and over. This may be explained by the fact that younger adults are more likely to live at home and therefore have less financial responsibilities. For more information, see our Young adults living with their parents dataset.

Figure 3: Adults aged 25 to 34 years had some of the highest odds among other age groups of experiencing some form of financial vulnerability, compared with those aged 75 years and over

Great Britain, September 2022 to January 2023

Notes:

1. An odds ratio indicates the likelihood of experiencing some form of financial vulnerability given a particular characteristic.

Download the data

.xlsx

When looking at the measures that contribute to financial vulnerability, we found that:

- a higher proportion of adults aged 25 to 34 years reported being unable to afford an unexpected, but necessary, expense of £850 (42%), when compared with those aged 75 years and over (16%)
- adults aged 25 to 34 years were also more likely to report borrowing more money or using more credit than usual compared to a year ago (34%), when compared with those aged 75 years and over (7%)
- adults aged 55 to 64 years were more likely to report being unable to save in the next 12 months (50%), compared with adults aged 16 to 24 years (32%) and 75 years and over (44%)
- adults aged 25 to 44 years who are responsible for paying energy bills were more likely to report finding it difficult to afford them (aged 25 to 34 years, 52%; aged 35 to 44 years, 52%), compared with all older age groups

Figure 4: Adults aged 25 to 34 years were more likely to report being unable to afford an unexpected expense of £850 and having to borrow more than usual compared with a year ago, compared with those aged 75 years and over

Proportion of people reporting the factors contributing to financial vulnerability by age group, Great Britain, September 2022 to January 2023

Notes:

1. "Find it difficult affording energy bills" is among adults who were responsible for paying energy bills.

Download the data

.xlsx

Personal annual income

After controlling for a range of characteristics, lower income groups were found to have some of the highest odds of experiencing some form of financial vulnerability. Adults with a personal income of £10,000 up to £15,000 per year had over four times higher odds of experiencing some form of financial vulnerability (odds ratio equals 4.3) than adults with an income of £50,000 or more per year. Adults in all other annual income groups below £50,000 were also significantly more likely to experience some form of financial vulnerability than adults with an income of £50,000 or more per year.

Figure 5: Adults on lower annual incomes had some of the highest odds of experiencing some form of financial vulnerability, compared with adults earning £50,000 or more per year

Great Britain, September 2022 to January 2023

Notes:

1. An odds ratio indicates the likelihood of being experiencing some form of financial vulnerability given a particular characteristic.

Download the data

.xlsx

When looking at the measures that contribute to financial vulnerability, we found that:

- adults reporting a salary of up to £30,000 per year were more likely to report being unable to afford an unexpected expense of £850, compared with adults earning £30,000 or over

- a higher proportion of adults earning £20,000 to £30,000 per year reported borrowing more money or using more credit than usual compared with a year ago (26%), compared with those in the lowest income group (up to £10,000, 19%) and highest income group (£50,000 or more, 19%)

- adults reporting an annual salary of up to £15,000 were twice as likely to report being unable to save in the next 12 months (up to £10,000, 55%; £10,000 up to £15,000, 56%), compared with adults earning £50,000 or more per year (24%)

- adults responsible for paying energy bills in lower income groups were more likely to report finding it difficult to afford them, with 56% of those earning up to £10,000 per year reporting difficulty compared with 26% of those earning £50,000 or more

Figure 6: Adults earning £10,000 to £15,000 per year were more likely to report being unable to save in the next 12 months compared with the highest income group

Proportion of people reporting factors contributing to financial vulnerability by personal annual income, Great Britain, September 2022 to January 2023

Notes:

1. "Find it difficult affording energy bills" is among adults who were responsible for paying energy bills.

Download the data

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Housing tenure

After controlling for a range of characteristics, renters had over four times the odds of experiencing some form of financial vulnerability (odds ratio equals 4.4) when compared with those who own their home outright. Adults in all other housing tenure groups also had higher odds and were therefore more likely to experience some form of financial vulnerability when compared with homeowners.

Figure 7: Renters had over four times the odds of experiencing some form of financial vulnerability, compared with those who own their home outright

Great Britain, September 2022 to January 2023

Notes:

1. An odds ratio indicates the likelihood of experiencing some form of financial vulnerability given a particular characteristic.

Download the data

.xlsx

When looking at the measures that contribute to financial vulnerability, we found that:

- adults renting their home were over four times more likely to report being unable to afford an unexpected expense of £850 (55%), compared with those who own their home outright (12%), and around twice as likely compared with those who are paying off a mortgage (28%)

- renters were also more likely to report borrowing more money or using more credit than usual compared with a year ago (31%), compared with outright homeowners (9%) and those paying off a mortgage (25%)

- a higher proportion of adults who rent their home reported being unable to save in the next 12 months (56%), compared with those who own their home outright (38%) and those who are paying off a mortgage (40%)

- finding it difficult affording energy bills was also more common for renters who are responsible for paying these bills (61%) compared with outright homeowners (32%) and those with a mortgage (44%)

Figure 8: Adults who rent their home were almost five times more likely to report being unable to afford an unexpected expense of £850, compared with those who own their home outright

Proportion of people reporting factors contributing to financial vulnerability by housing tenure, Great Britain, September 2022 to January 2023

Notes:

1. "Find it difficult affording energy bills" is among adults who were responsible for paying energy bills.

Download the data

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Parental status

After controlling for a range of characteristics, parents living with dependent children aged 5 years and over had odds four times higher of experiencing some form of financial vulnerability (odds ratio equals 4.1) than non-parents or parents not living with dependent children. Parents living with younger dependent children had odds three times higher (odds ratio equals 3.5).

Figure 9: Parents living with dependent children had higher odds of experiencing some form of financial vulnerability, compared with non-parents or parents not living with dependent children

Great Britain, September 2022 to January 2023

Notes:

1. An odds ratio indicates the likelihood of experiencing some form of financial vulnerability given a particular characteristic.

2. Living with a child refers to living with a dependent child. For further information, see the Glossary.

Download the data

.xlsx

When looking at the measures that contribute to financial vulnerability, we found that:

- being unable to afford an unexpected expense of £850 was most commonly reported by parents living with a dependent child aged 0 to 4 years (47%) and aged 5 years or over (42%), compared with just over a quarter (28%) of non-parents or parents not living with a dependent child

- parents living with a dependent child aged 0 to 4 years and aged 5 years or over were more likely to report borrowing more money or using more credit than usual compared with a year ago (36% and 34%, respectively), compared with non-parents or parents not living with a dependent child (18%)

- a higher proportion of parents living with a dependent child aged 0 to 4 years and aged 5 years or over reported being unable to save in the next 12 months (56% and 53% respectively), compared with 42% of non-parents or parents not living with a dependent child

- parents living with a dependent child aged 0 to 4 years and aged 5 years or over who were responsible for paying energy bills were more likely to report finding it difficult affording them (58% and 56%, respectively), when compared with non-parents or parents no living with dependent child (42%)

Figure 10: More than half of parents living with a dependent child reported being unable to save in the next 12 months (54%), compared with 42% of non-parents or parents not living with a dependent child

Proportion of people reporting factors contributing to financial vulnerability by parental status, Great Britain, September 2022 to January 2023

Notes:

1. Living with a child refers to living with a dependent child. Parent living with a dependent child has been split into two further groups: parent living with a dependent child aged 0 to 4 years and parent living with a dependent child aged 5 years and over. For further information, see the Glossary.

2. "Find it difficult affording energy bills" is among adults who were responsible for paying energy bills.

Download the data

.xlsx

4 . Impact of increased cost of living on adults across Great Britain data

Impact of increased cost of living on adults across Great Britain
Dataset | Released 20 February 2023
Proportion of the population that are affected by an increase in their cost of living and the individual characteristics associated with financial vulnerability.

5 . Glossary

Area deprivation

Area deprivation is represented by the Index of Multiple Deprivation (IMD) and is the official measure of relative deprivation for small areas in England. The IMD ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area). Deciles are calculated by ranking the 32,844 small areas in England, from most deprived to least deprived, and dividing them into 10 equal groups. These range from the most deprived 10 percent of small areas nationally to the least deprived 10 per cent of small areas nationally. To ensure robust sample sizes, we have further grouped deciles into quintiles.

Logistic regression

We carried out a logistic regression analysis to identify the individual characteristics associated with financial vulnerability. This further allows us to identify someone with a particular characteristic having higher or lower odds of experiencing some form of financial vulnerability when compared with a specified reference group, after taking other possible characteristics into account.

For example, if a particular group has an odds ratio of more than one, they are more likely than the reference group to be considered financially vulnerable when compared with the reference group.

Odds ratio

An odds ratio indicates the likelihood of experiencing some form of financial vulnerability given a particular characteristic. When a characteristic has an odds ratio of one, this means there is neither an increase nor a decrease in the likelihood of experiencing some form of financial vulnerability compared with the reference category. An odds ratio greater than one indicates an increased likelihood of experiencing some form of financial vulnerability compared with the reference category. An odds ratio less than one indicates a decreased likelihood of experiencing some form of financial vulnerability compared with the reference category.

Parental status

An adult is defined as a parent if they are the parent of a dependent child living in the household. Dependent children in this case includes children and stepchildren.

Parents were classified into two further groups; having a dependent child aged under 5 years or having a dependent child aged 5 years and over living in the household. Where parents have multiple dependent children in their household, they are included in a group based on the age of their youngest dependent child in their household. A dependent child is someone aged under 16 years or someone who is aged 16 to 18 years, has never been married and is in full-time education.

Personal annual income

Personal annual gross income is self-reported on the Opinions and Lifestyle Survey (OPN) and therefore should be treated with caution. A respondent's income information does not represent equivalised household income, that considers that households with more people will need a higher income to achieve the same standard of living as households with fewer members.

Prepayment meter user

A person has been assigned to the category "Pay for gas and/or electricity using top up prepayments" if they reported they had gas and electricity supplied to their home and they topped up a meter using a key, card or app for their gas and/or electricity.

A person has been assigned to the category "Do not pay for gas and electricity using top up prepayments" if they reported they had gas and electricity supplied to their home, had not indicated they paid using a key, card or app for their gas or electricity and indicated they paid by either direct debit or one-off bill payments for either their gas and electricity.

For anyone who indicated that they paid for their gas and electricity in one payment, it is assumed that using a prepayment meter is not possible.

Statistical significance

This article presents a summary of results, with further data including confidence intervals for the estimates shown in the charts presented contained in the associated datasets. Where comparisons between groups are presented, 95% confidence intervals should be used to assess the statistical significance of the change.

For the regression analysis, characteristics were found to be significant based on the p-value associated (Wald Chi-Squared Test) with each characteristic. The odds ratios were then assessed alongside a confidence interval around each category of interest.

6 . Data sources and quality

Comparing over time

Changes were made to the survey methodology in the latest pooled period, 14 September 2022 to 8 January 2023; therefore, we do not recommend making comparisons with previous pooled periods. Any differences should be treated with caution.

Quality

More quality and methodology information on the Opinions and Lifestyle Survey (OPN) and its strengths, limitations, appropriate uses, and how the data were created is available in our Opinions and Lifestyle Survey Quality and Methodology Information.

Regression analysis

The analysis from the regression model presented in this article identifies differences between adults who were considered to be financially vulnerable (dependent variable), when compared with adults not considered to be financially vulnerable, while controlling for a range of characteristics (independent variables).

Three logistic regression models were produced to explain the relationships between the dependent and independent variables. These were:

- unadjusted: these models show the relationship between the dependent variable, and an independent variable of interest (characteristic)
- age and sex adjusted: these models looked at the same dependent and independent variables of interest while also controlling for age and sex
- fully adjusted: these models looked at the same dependent variable and a range of independent variables (characteristics) of interest while controlling for all variables

Missing values were excluded from the regression analysis where a response was not provided for a question or variable included in the model. As a result, 18,300 adults were included in the fully-adjusted regression model analysis.

The results of the modelling and a full breakdown of sample sizes and population estimates for each of the characteristics included in the fully adjusted regression model are available in the accompanying dataset.

Sampling

The analysis throughout this article is based on adults aged 16 years and over in Great Britain. The analysis in this report is based on 18,464 adults from a pooled dataset comprising eight waves of data collection, covering the following periods:

- 14 to 25 September 2022
- 29 September to 9 October 2022
- 12 to 23 October 2022
- 26 October to 6 November 2022
- 8 to 20 November 2022
- 22 November to 4 December 2022
- 7 to 18 December 2022
- 21 December to 8 January 2023

Further information on the survey design and quality can be found in our Opinions and Lifestyle Survey Quality and Methodology Information.

Weighting

Survey weights were applied to make estimates representative of the population.

Weights were first adjusted for non-response and attrition. Subsequently, the weights were calibrated to satisfy population distributions considering the following factors: sex by age, region, tenure, highest qualification and employment status.

For age, sex and region, population totals based on projections of mid-year population estimates for June 2021 were used. The resulting weighted sample is therefore representative of the Great Britain adult population by a number of socio-demographic factors and geography.

7 . Related links

The cost of living, current and upcoming work: February 2023
Article | Released 8 February 2023
A summary of our current and future analytical work related to the cost of living.

Characteristics of adults experiencing energy and food insecurity in Great Britain: 22 November to 18 December 2022
Article | Released 13 February 2023
Understanding the characteristics associated with experiencing energy and food insecurity; logistic regression analysis using data from the Winter Survey.

Impact of increased cost of living on adults across Great Britain: June to September 2022
Article | Released 25 October 2022
Analysis of the proportion of the population that are affected by an increase in their cost of living, and of the characteristics associated with having difficulty affording or being behind on energy, mortgage or rental payments, using data from the Opinions and Lifestyle Survey.

Public opinions and social trends, Great Britain: 25 January to 5 February 2023
Bulletin | Released 10 February 2023
Social insights on daily life and events, including the cost of living, working arrangements and well-being from the Opinions and Lifestyle Survey (OPN).

Cost of living latest insights
Insights tool | Updated daily
The latest data and trends about the cost of living. Explore changes in the cost of everyday items and how this is affecting people.

The impact of winter pressures on adults in Great Britain: December 2022
Article | Released 15 December 2022
First insights from our new winter survey providing monthly updates on how increases in the cost of living and difficulty accessing NHS services are impacting people's lives during the autumn and winter months.

8 . Cite this article

Office for National Statistics (ONS), released 20 February 2023, ONS website, article, Impact of increased cost of living on adults across Great Britain: September 2022 to January 2023