

Article

Impact of increased cost of living on adults across Great Britain: July to October 2023

Analysis of the groups of the population affected by recent increases in the cost of living using data from the Opinions and Lifestyle Survey and of the characteristics associated with financial resilience from the Wealth and Assets Survey.

Contact:
David Ainslie and Peter
Dangerfield
policy.evidence.analysis@ons.
gov.uk
+44 3000 671543

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1 . Main points

Using data from the Wealth and Assets Survey (WAS), we have identified groups of the population that were likely to be the least financially resilient prior to the coronavirus (COVID-19) pandemic and recent increases in the cost of living. In the period April 2018 to March 2020:

- over one-quarter (27%) of households reported that they did not have enough savings to cover a 25% fall in household employment income
- The households that were most likely to report this, and therefore the least financially resilient, were lone parents with dependent children (55%), renters (48%), households with a Black, African, Caribbean, or Black British head (53%), households where the head had a routine or semi-routine occupation (46%), and households where the head had a limiting disability or longstanding illness (34%)

Recent data from the Opinions and Lifestyle Study (OPN) showed that these groups continued to experience financial difficulties. In the period 12 July to 1 October 2023:

- around 4 in 10 (39%) adults reported that they would not be able to save money in the next 12 months; groups for which this proportion was higher included disabled adults (50%), renters (54%), and lone adults living in a household with at least one dependent child (70%)
- around 4 in 10 (40%) adults reported that affording their rent or mortgage payments were very or somewhat difficult; groups more likely to report this included Asian or Asian British adults (56%), Black, African, Caribbean or Black British adults (51%), and lone adults living in a household with at least one dependent child (61%)
- around 3 in 10 of adults (29%) reported an inability to afford an unexpected expense of £850; this proportion was 40% among disabled adults and 53% among renters, and increased to 66% among disabled adults who were renting
- around 1 in 20 (5%) adults reported running out of food and not being able to afford more; this proportion was 8% among parents living with a dependent child and 13% among renters, and increased to 21% among renters who were parents living with a dependent child

2 . Adults' experiences of increased cost of living

Our latest [Public opinions and social trends. Great Britain bulletin](#) reported that, during the period 15 to 26 November 2023, around 9 in 10 adults (89%) see the cost of living as an important issue facing the UK. Around half of all adults (47%) reported that their cost of living had increased compared with a month ago. The most reported reasons included:

- the price of food shopping (92%)
- gas or electricity bills (69%)
- the price of fuel (54%)
- rent or mortgage costs (16%)

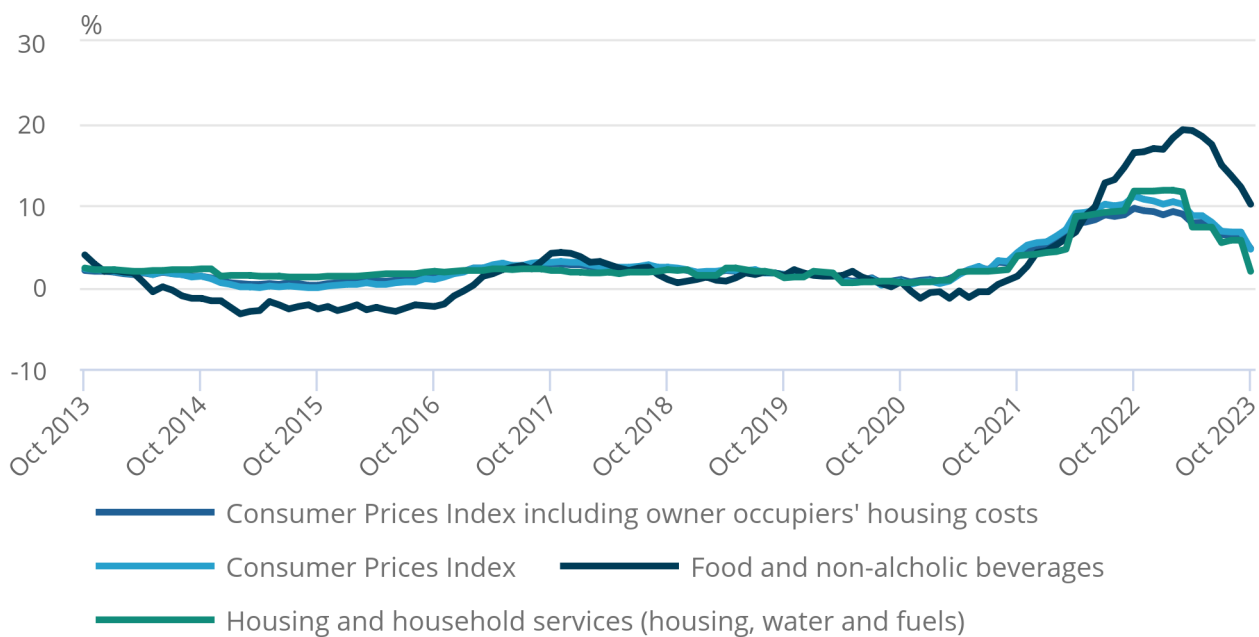
These reported experiences reflect inflation data, which shows that prices (Consumer Price Index) rose by 4.6% in the year to October 2023, down from a peak of 11.1% in October 2022. While we did see an easing in the food and non-alcoholic beverage prices from a peak of 19.1% in the year to March 2023, food prices remained high at 10.1% in the year to October 2023 (Figure 1). For further information, see our [Consumer price inflation, UK: October 2023 bulletin](#).

Figure 1: Food and non-alcoholic beverages inflation remains high, at 10.1%, in the year to October 2023

Annual inflation rates by selected divisions, UK, October 2013 to October 2023

Figure 1: Food and non-alcoholic beverages inflation remains high, at 10.1%, in the year to October 2023

Annual inflation rates by selected divisions, UK, October 2013 to October 2023



Source: Consumer price inflation from the Office for National Statistics

Insights into how the experience of inflation by different types of households including by income, tenure type, retirement and parental status may differ is available in our [Household Costs Indices for UK household groups: January 2022 to September 2023 bulletin](#). Insights into how consumer behaviour patterns have changed between 2021 and 2023, as prices have increased, is available in our [Measuring changing prices and costs for consumers and households: December 2023 article](#).

3 . Financial resilience before recent increases in the cost of living

Financial resilience has been defined by the [Financial Resilience Task Force](#) as "the ability to cope financially when faced with a sudden fall in income or unavoidable rise in expenditure". Using data from the Wealth and Assets Survey (WAS), collected between April 2018 and March 2020 (before the coronavirus (COVID-19) pandemic and recent increases in the cost of living), we examine the types of households that were less likely to be financially resilient.

This section considers the proportion of households that have sufficient formal financial assets (for instance, current accounts, savings and investments, and trusts and bonds) to cover a 25% fall in household employment income for three months. Therefore, it only considers analysis of households where the head of the household (see [Section 9: Glossary](#)) is employed or self-employed. For further details on how estimates of financial resilience were calculated, see [Section 10: Data sources and quality](#).

Overall, we found that almost three-quarters (73%) of households were financially resilient. This means that they had sufficient savings to cover a 25% fall in household employment income.

Household types that were less likely to be financially resilient

Household types that were less likely to have enough savings to cover a 25% fall in household employment income over a three-month period included:

- households made up of a lone parent and dependent children; less than half (45%) of households of this type were financially resilient, compared with 69% of households made up of a couple and dependent children and 85% of households made up of a couple only
- households who rent their property; just over half (52%) of households were financially resilient, compared with 78% of households who are buying their property with a mortgage, and 93% of households who own their property outright
- households whose head was Black, African, Caribbean, or Black British; under half (47%) of households of this type were financially resilient. Financial resilience appeared higher for households with heads from Mixed or Multiple (66%), White (74%), and Asian or Asian British (77%) ethnic groups
- households whose head was employed in a routine or semi-routine occupation (see [Section 9: Glossary](#)); 54% of households of this type were financially resilient, compared with 69% of households where the head was in a lower supervisory or technical occupation, 71% of households where the head was in an intermediate occupation, and 82% of households where the head was employed in a higher managerial, administrative or professional occupation
- households whose head had a limiting disability or longstanding illness; 66% of households of this type were financially resilient, compared with 74% of households whose head did not have a limiting disability or longstanding illness

While around three-quarters of adults (73%) reported having enough savings to cover a 25% fall in household employment income, our analysis found over one-quarter (27%) of households could not cover this.

Households that were most likely to report this, and therefore the least financially resilient, were:

- lone parents with dependent children (55%)
- renters (48%)
- households with a Black, African, Caribbean, or Black British head (53%)
- households where the head had a routine or semi-routine occupation (46%)
- households where the head had a limiting disability or longstanding illness (34%)

Figure 2: Households that were the least financially resilient included lone parents with dependent children, renters, and those with a Black, African, Caribbean, or Black British household head

Proportion of households that can afford a 25% fall in household employment income over a three-month period, Great Britain, April 2018 to March 2020

Notes:

1. “Other” household tenure includes those who live rent-free.
2. “Not classified” occupation of household head includes full-time students, occupations not stated or inadequately described, and those not classifiable for other reasons.
3. The “No limiting disability or longstanding illness” category includes respondents who have a disability or longstanding illness that does not limit their activities in any way.
4. Households where the value of savings is equal to a 25% fall in household employment income were excluded to align with methods used in our [Financial resilience of households article published in 2020](#), so figures may not sum to 100%.

The [accompanying dataset](#) includes estimates of financial resilience by other household characteristics (such as employment status of the household head and household income quintile) and estimates of greater falls in household employment income (50%, 75% and 100%) over three months.

4 . Ability to save following increases in the cost of living

Throughout the rest of this article, we use data from the Opinions and Lifestyle Survey (OPN), based on the period 12 July to 1 October 2023, to examine groups who were less likely to be financially resilient before the coronavirus (COVID-19) pandemic and recent cost-of-living increases (see [Section 1: Main points](#)). We do this by using a range of measures around their ability to:

- save any money in the next 12 months
- afford their rent or mortgage payments
- afford food

Analysis based on the period covering 12 July to 1 October 2023 found that around 4 in 10 adults (39%) do not think they will be able to save any money in the next 12 months. The following groups were more likely to report this:

- adults living in a household with one adult only and at least one dependent child (70% compared with 41% among households with more than one adult and at least one dependent child)
- renters (54% compared with 36% of mortgage holders)
- disabled adults (50% compared with 34% of non-disabled adults)

Figure 3 allows you to see the proportions of different groups of the population who reported being unable to save.

Figure 3: Groups more likely to be unable to save included lone parents, renters, and disabled adults

Proportion of adults who think they will not be able to save money in the next 12 months, Great Britain, 12 July to 1 October 2023

Notes:

1. Question: "In view of the general economic situation, do you think you will be able to save any money in the next 12 months?"
2. Base: all adults.
3. Confidence intervals may appear to be unequal because of rounding.

5 . Rent and mortgages

Between 12 July to 1 October 2023, we found that those renting were more likely to report an increase in their rental payments than mortgage holders in their mortgage payments (55% and 34%, respectively). This proportion appears to have increased among renters compared with earlier this year, but not among mortgage holders (42% and 32%, respectively, in the period 8 February to 10 May 2023).

According to data from our [Index of Private Housing Rental Prices, UK: October 2023 bulletin](#), private rental prices paid by tenants in the UK increased by 6.1% in the 12 months to October 2023. This represents the largest annual percentage change since this UK series began in January 2016.

While interest rates have been increasing since the start of 2022, many fixed-rate mortgage borrowers have, so far, been insulated from these increases. Analysis of Bank of England data in our [How increases in housing costs impact households article](#) shows that most mortgages are agreed at a fixed interest rate, where the interest rates stay the same for the duration of the mortgage deal. Around 9 in 10 (88%) outstanding UK mortgages were being repaid through fixed-interest-rate mortgages in Quarter 3 (July to Sept) 2023.

Difficulty affording rent or mortgage payments

Around 4 in 10 (40%) adults reported finding it very or somewhat difficult to afford their rent or mortgage payments in the latest pooled period. When looking at the groups least likely to be financially resilient before the coronavirus (COVID-19) pandemic, we found those more likely to report finding it very or somewhat difficult to afford their rent or mortgage payments included:

- renters (46% compared with 34% of mortgage holders)
- disabled adults (45% compared with 37% of non-disabled adults)
- adults living in a household with one adult only and at least one dependent child (61% compared with 42% among adults living in a household with more than one adult and at least one dependent child)
- Asian or Asian British adults (56%) or Black, African, Caribbean or Black British adults (51%), compared with 38% among White adults

Figure 4: Groups more likely to have difficulty affording rent or mortgage payments included lone parents and Asian or Asian British adults

Proportion of adults finding it somewhat or very difficult to afford rent or mortgage payments, Great Britain, 12 July to 1 October 2023

Notes:

1. Question: "How easy or difficult is it to afford your rent or mortgage payments?".
2. Base: adults who are currently paying rent or mortgage.
3. Confidence intervals may appear to be unequal because of rounding.

6 . Impact of increases in the price of food

Around 1 in 20 (5%) adults reported that, in the past two weeks, they or their household had run out of food and could not afford to buy more. When looking at the groups less likely to be financially resilient, we found those more likely to report this included:

- renters (13% compared with 2% of mortgage holders)
- disabled adults (8% compared with 3% of non-disabled adults)
- adults living in a household with one adult only and at least one dependent child (26% compared with 5% among adults living in a household with more than one adult and at least one dependent child and 4% among adults not living with a dependent child)
- Black, African, Caribbean or Black British adults (10%) compared White adults (5%)

Figure 5: Groups more likely to be running out of food and unable to afford more included lone parents, renters and Black, African, Caribbean or Black British adults

Proportion of adults who report running out of food in the past two weeks and being unable to afford to buy more, Great Britain, 12 July to 1 October 2023

Notes:

1. Question: "In the past two weeks, have you or your household run out of food and could not afford to buy more?"
2. Base: all adults
3. Confidence intervals may appear to be unequal because of rounding.

Although around half of all adults (47%) reported buying less than usual in the past two weeks, some groups of the population were less likely to report taking this cost-saving action. This included those:

- adults with personal annual income of £50,000 or more (34%)
- aged 75 years and above (33%)
- who owned their home outright (36%)

7 . Experiences of increased cost of living among more detailed groups of the population

For the first time, we consider some more detailed groups of the population who have been consistently less likely to be financially resilient: disabled people and those renting.

Bringing groups of the population together, we can highlight the experiences of adults who are, for example, both disabled and renting to examine the compounding impact of having combinations of different characteristics. We found that:

- around 4 in 10 adults (39%) reported they would not be able to save any money in the next 12 months; this proportion was 50% among disabled adults and 54% among renters, increasing to 63% among disabled adults who were renting
- around a third of adults (29%) reported an inability to afford an unexpected expense of £850; this proportion was 40% among disabled adults and 53% among renters, increasing to 66% among disabled adults who were renting
- among all adults, 5% said that they ran out of food in the last two weeks and could not afford to buy more; this proportion was 8% among disabled adults and 13% among renters, increasing to 18% among disabled adults who were renting

Our [Impact of increased cost of living on adults across Great Britain dataset](#) includes further analysis of renters and disabled adults by a range of other characteristics. For example, when we consider renters who were also parents of a dependent child, we found:

- 71% reported an inability to afford an unexpected expense of £850 (compared with 53% among all renters)
- 60% reported difficulty paying their rent (compared with 46% among all renters)
- 21% said they ran out of food in the last two weeks and could not afford to buy more (compared with 13% among all renters)

8 . 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 4 December 2023

People in Great Britain's experiences of and actions following increases in their costs of living, and how these differed by a range of personal characteristics.

[Financial resilience of households across Great Britain](#)

Dataset | Released 4 December 2023

The extent to which different types of households are financially resilient. Results from the Wealth and Assets Survey, April 2018 to March 2020.

9 . Glossary

Disability status

In the Opinions and Lifestyle Survey (OPN), the definition of disability aligns with the [Government Statistical Service \(GSS\) harmonised "core" definition of disability](#). This identifies "disabled" as a person who has a physical or mental health condition or illness that has lasted or is expected to last 12 months or more that reduces their ability to carry-out day-to-day activities. The GSS harmonised questions are asked of the respondent in the survey, meaning that disability status is self-reported. Note that this definition is slightly different to the definition of "limiting disability or longstanding illness" used by the Wealth and Assets Survey (WAS), and so it is not directly comparable.

Ethnicity

The ethnicity disaggregation used has been chosen to provide the most granular breakdown possible while producing robust estimates based on sample sizes, in line with [GSS harmonised standards for ethnicity data](#).

The five-category ethnicity breakdown includes:

- Asian or Asian British: Indian, Pakistani, Bangladeshi, Chinese or any other Asian background
- Black, African, Caribbean or Black British: African, Caribbean or Any other Black, African or Caribbean background
- Mixed and Multiple ethnic groups: White and Black Caribbean, White and Black African, White and Asian or Any other Mixed and Multiple ethnic background
- Other ethnic background group: Arab or Any other ethnic group
- White: White British, White Irish, Other White

Financial resilience

In the WAS, households are deemed to be financially resilient if the value of the household's formal financial assets is more than the value of a 25% loss of household employment income over a three-month period (see also 50%, 75% and 100% loss, as reported in the [accompanying dataset](#)).

Formal financial assets or savings

In the WAS, formal financial assets or "savings" includes:

- current accounts in credit
- savings accounts
- Individual Savings Accounts (ISAs)
- National Savings and Investments
- UK and overseas shares
- insurance products
- fixed-term bonds
- employee shares
- unit and investment trusts
- UK and overseas bonds and gilts

Head of the household

Head of the household is the person that is the sole or joint householder or is responsible for household affairs. Where there are joint householders, this is the person with the highest income. In cases where income is the same for a joint householder, the eldest person is assigned as the household head. This is often referred to as the Household Reference Person (HRP).

Household employment income

In the WAS, household employment income is the sum of income from employment or self-employment for all household members aged 16 years and over (excluding those aged 16 to 18 years in full-time education).

Household type

In the WAS, household type is determined by the number of adults, dependent children, and non-dependent children in the household.

Dependent children are those living with their parent(s) who are either aged under 16 years or aged 16 to 18 years and who are in full-time education. This excludes children aged 16 to 18 years who have a spouse, partner or child living in the household.

Non-dependent children are those living with their parent(s) and who are either aged 19 years or over and have no spouse, partner or child living in the household, or aged 16 to 18 years and who are not in full-time education and have no spouse, partner or child living in the household.

It should be noted that households are only categorised as having "non-dependent children" if all the children in the household are non-dependent.

Limiting disability or longstanding illness

In the WAS, respondents are deemed to have a limiting disability or longstanding illness if they report that they have a disability or longstanding illness, and if they report that this disability or longstanding illness limits their activities in any way. Note that this is slightly different to the definition of "disability status" used by the OPN, and so it is not directly comparable.

Occupation

The categories of occupation used in the WAS section of this analysis are based on the five-class National Statistics Socio-economic Classification (NS-SEC). More information about this measure is available in our [NS-SEC methodology](#).

Parental status

In the OPN, an adult is defined as a parent if they are the parent of a dependent child living in the household. In this case, dependent children includes children and stepchildren.

Parents were classified into two further groups: having a dependent child aged under five years or having a dependent child aged five 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.

Where we have referred to a "lone parent" when discussing OPN estimates, this refers to adults living in a household with one adult only and at least one dependent child.

Statistical significance

This article presents the OPN data as 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 more information on these terms, see our [Uncertainty and how we measure it for our surveys methodology](#).

Because of the complexity of WAS data, which uses imputed values and a complex sample design, confidence intervals were not calculated for these estimates, and no formal significance testing has been undertaken on the differences between groups. No estimates are included that are based on fewer than 30 responding households.

Total net regular household income

In the WAS, total net regular household income includes the sum of:

- net employee and self-employed income
- benefits
- net private pension income
- net investment income

It will also include any other net regular income, such as:

- rental income
- maintenance
- alimony and separation payments
- regular redundancy payments
- royalties and educational grants

The value of Council Tax paid by the household is then subtracted from this to provide an estimate of total net regular household income. Households where the total net regular household income (before housing costs) was less than or equal to zero were excluded from the analysis in this article.

10 . Data sources and quality

Opinions and Lifestyle Survey

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 \(QMI\)](#).

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 14,993 adults from a pooled dataset comprising six waves of data collection, covering the following periods:

- 12 to 23 July 2023
- 26 July to 6 August 2023
- 9 to 20 August 2023
- 23 August to 3 September 2023
- 6 to 17 September 2023
- 20 September to 1 October 2023

Further information on the survey design and quality can be found in our [Opinions and Lifestyle Survey QMI](#).

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.

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

Comparing over time

Changes were made to the survey methodology in the latest pooled period, 12 July to 1 October 2023. Therefore, comparisons with previous pooled periods should be treated with caution.

Wealth and Assets Survey

Calculating financial resilience

Estimates of financial resilience are calculated in three stages:

- we first calculate the total household employment income for a three-month period
- we then reduce the value of this estimate by 25%, 50%, 75% and 100% to simulate an “income shock”
- we then compare the value of lost income against the households’ formal financial assets

If the value of formal financial assets exceeds the value of lost employment income, then the household is determined to be financially resilient.

Some households were excluded from the analyses:

- households where the total net regular household income (before housing costs, see [Section 9: Glossary](#)) are less than or equal to zero
- households where the head is economically inactive, for example, unemployed or retired
- households whose formal financial assets were equal in value to the reduction (25%, 50%, 75%, 100%) in household employment income, in order to align with the methods in our [Financial resilience of households article from 2020](#)

Similarly, there were other factors that we could not account for when estimating financial resilience:

- we only included formal financial assets, not other forms of assets such as property or physical wealth
- we did not account for changes to benefits received because of a fall in income
- we did not account for reductions in household expenditure that may occur in these circumstances

These statistics are currently experimental, and we welcome feedback and comments at wealth.and.assets.survey@ons.gov.uk.

Quality

The Wealth and Assets Survey (WAS) is a biennial longitudinal survey that launched in 2006. Quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Wealth and Assets Survey Quality and Methodology Information \(QMI\)](#).

Sampling

The WAS analysis in this article is based on adults aged 16 years and over, excluding those aged 16 to 18 years in full-time education. The WAS analysis is based on 8,982 households from across Great Britain and data were collected between April 2018 and March 2020.

Weighting

We applied survey weights to make estimates representative of the population.

First, a weight was constructed based on the sampling design. A weight was also created to reduce potential biases because of non-response and attrition. The final stage of the weighting procedure calibrated the product of the design and non-response weights. The weight was calibrated to satisfy population distributions considering the following factors: sex by age and region.

Population totals based on projections from 2018 for the private-household population were used. The resulting weighted sample is representative of the adult population of Great Britain by sex, age, and region.

Authors

Isla Dougall, Lili Chowdhury, Katie Hendry, Chris Jones, Tomos James-Hargreaves, Panyo Mulongeni and Rhian Murphy, Office for National Statistics.

11 . Related links

[Public opinions and social trends, Great Britain: 15 to 26 November 2023](#)

Bulletin | Released 1 December 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).

[Impact of increased cost of living on adults across Great Britain: February to May 2023](#)

Article | Released 14 July 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.

[Financial resilience of households: the extent to which financial assets can cover an income shock](#)

Article | Released 2 April 2020

New experimental statistics show the extent to which different types of households have sufficient savings to cover an unexpected fall in their household employment income. Results from the sixth round of the Wealth and Assets Survey covering the period April 2016 to March 2018.

[Household Costs Indices for UK household groups: January 2022 to September 2023](#)

Bulletin | Released 4 December 2023

Estimates of inflation rates experienced by different types of household in the UK.

[Measuring changing prices and costs for consumers and households: December 2023](#)

Article | Released 4 December 2023

Description of the different measures and approaches to inflation in the UK: Consumer Prices Index including owner occupiers' household costs (CPIH), Household Costs Indices (HCIs) and Retail Prices Index (RPI).

[Student voices: experiences of the rising cost of living](#)

Article | Released 6 September 2023

The rising cost of living has brought new challenges to higher education, with student budgets being squeezed. Interviews with students in England during the 2022 to 2023 academic year have helped shed light on the difficulties they are facing.

[Tracking the impact of winter pressures in Great Britain: November 2022 to February 2023](#)

Article | Released 24 April 2023

Insights from our Winter Survey as we tracked participants to examine how increases in the cost of living and difficulty accessing NHS services had impacted their lives during the winter months.

[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.

12 . Cite this article

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