Unable to escape persistent hardship:

JRF's cost of living tracker, Summer 2023

Rachelle Earwaker, Senior Economist
Maudie Johnson-Hunter, Economist

JRF JOSEPH ROWNTREE FOUNDATION

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This new research shows persistently high levels of hardship in the UK: the numbers of low-income households going without essentials or in arrears have not budged in over a year.

The impact of rising prices while having low incomes and no savings has meant 5.5 million low-income households have had to cut down on or skip meals because they cannot afford food. Four million reported going hungry, and 2.7 million have reported having a poor diet because of the cost of living crisis.

Low-income households are struggling to afford their bills, with 4.5 million in arrears and 2.6 million holding high-cost credit loans with loan sharks, doorstep lenders, payday lenders or pawnshops. Given the economic outlook of inflation falling slowly and interest rates remaining high for some time, we are concerned about low-income households' access to the lifeline of affordable credit, as 2.8 million have been declined loans in the last two years. We are also deeply concerned about the health and wellbeing impacts of the crisis, with millions unable to afford a healthy diet, and those going without essentials more likely to need NHS healthcare services.

For low-income households on Universal Credit (UC), around nine in ten are going without essentials for the third survey in a row, despite the usual uprating of benefits with inflation and temporary cost of living payments. These levels of hardship cannot become baked in as the UK's new normal.

The Joseph Rowntree Foundation (JRF) is calling on the Government to implement an Essentials Guarantee, to ensure that, at a minimum, the basic rate of UC at least covers life's essentials and that support can never be pulled below that level.

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Recommendations:

- Start the work towards introducing an Essentials Guarantee. This would make sure the basic rate of UC at least covers the essentials – like food, utilities and vital household items – and that deductions (such as the repayment of debts to the Government at unaffordable rates) can never pull support below this level.
- Unfreeze Local Housing Allowance and, at a minimum, realign it with the bottom 30th percentile of local market rents.
- Ensure that the Renters Reform Bill does not allow landlords to raise rents within tenancies to unaffordable levels for renters as a loophole to evictions.

Executive summary

While the UK looks to have escaped a technical recession in 2023, millions of households on low incomes have not escaped the harsh impacts of the rising prices. In this report, the fourth in a series of large-scale studies of over 4,000 households on low incomes (the bottom 40%), we take a detailed look at how the ongoing cost of living crisis was still affecting households in the UK in May 2023.

We find a deeply troubling picture of persistently high hardship levels: the number of low-income households going without essentials, experiencing food insecurity and in arrears has not budged since our second survey in May 2022. The number of low-income households unable to afford food, and who are behind with their bills, has tripled when compared to the Family Resources Survey in 2019–20, and appears to have found a worrying new normal level.

Alongside this picture of persistent hardship, other concerning issues are also becoming clear, with record food inflation forcing those on low incomes to endure poor diets, and to go hungry or reduce the size of meals. Low incomes and low savings in a high inflation and high interest rate environment also risk the supply of affordable credit as a lifeline, and millions have turned to high-cost credit debt. Younger respondents to our survey (aged 18–34) are in households that are more likely to be struggling, and low-income households in London are more likely to be in every type of arrears and experiencing going without essentials than any other region in the UK. As in our previous surveys, Black respondents to the survey are in households that are facing highly elevated levels of hardship.

None of this is surprising given the scale of recent price rises. On average, prices (measured by the CPI) increased by over 18% between April 2021 to April 2023, with eye-watering rises in energy prices being replaced by record food inflation, and housing costs continuing to soar. Over the same time period, earnings have increased by 13% and benefits by 14%. Given the problems of inadequate benefit levels and low pay which predated the cost of living crisis, it is no surprise that hardship surged – and has remained elevated: many households have no reserves.

It is not just a small minority of families who are struggling to get by: 7.3 million low-income households (63%) reported either going without essentials – such as showers, essential transport journeys and warm homes – or experiencing food insecurity in May 2023. Food is the essential item that households were most likely to be going without, with 5.7 million (48%) experiencing food insecurity.

The Government has protected families from the extremes of the changes in wholesale energy prices via the Energy Price Guarantee, but even so energy prices increased by 110% between April 2021 and April 2023. Additionally, targeted cost of living payments will have helped some families but it is still the case that in the six months to May 2023, 3.2 million low-income households (27%) reported not being able to afford to adequately keep their home warm. This level has remained at over 3 million households for over a year, emphasising the enduring impact of price rises.

For low-income households on UC, the situation remains persistently dire – with around nine in ten reporting going without essentials for the third survey in a row, and over half (54%) of all low-income households on UC reporting going without three or more types of essentials. Food inflation has had significant consequences, as more than two-thirds (69%) have changed the type of food they have bought, for example, buying less fresh produce, and 69% have cut back on food for adults. 1.5 million households on UC (more than four in ten) reported experiencing a poor diet. This is despite around 80% having received a cost of living payment during our survey. This emphasises just how unaffordable everyday life is, with our social safety net not even enabling people to cover the cost of life's essentials like food, warmth and clothing.

Having a financial buffer of savings to draw down on when times are tough is an important component of financial resilience. However, 3.7 million low-income households (31%) have less than £200 in savings. Without savings, price rises have forced millions into borrowing money to try and make ends meet: 2.3 million low-income households (20%) reported borrowing money or using a credit card to pay for essential bills like rent or council tax to cope with the crisis. Households with less than £200 saved were almost three times more likely (66% compared to 24%) to be in arrears as those who had more than £200 saved.

Overall, as many as 4.5 million low-income households (39%) are behind on at least one bill, with average arrears totalling almost £1,600. Again, these figures have not moved below 4.5 million since October 2021, further embedding a picture of persistent financial distress. Almost 3 million low-income households (24%) have tried to take out a loan but have been declined during the cost of living crisis, with almost every household that had been declined lending (92%) also reporting going without essentials. The falling availability of credit has seen many low-income families needing to turn to high-cost credit, despite its increasing unaffordability: 2.6 million low-income households (22%) hold a loan with a loan shark, payday lender, doorstep lender or a pawnshop.

In response to price rises, the Government is providing further cost of living payments in 2023, with the first tranche of £301 paid out between 25 April to 17 May to means-tested benefit recipients. Payments were therefore made during our fieldwork period, meaning we could ask eligible respondents on means-tested benefits if they had received this payment, and then investigate whether it had an impact on households' financial positions. We find that receipt of the payment did make an impact, particularly on households' debt positions. Controlling for personal characteristics (see methodology note), those who (correctly) expected but had not yet received the payments were more than twice as likely to report being in arrears than those who had reported receiving them. They were also more than two and a half times more likely to hold a high-cost credit loan, or 2.2 times more likely to have experienced food insecurity in the last 30 days. It seems, then, that while the cost of living payments did make a difference to the financial situations of many low-income households, they were often used to help households manage existing debts. As many of the households who received these payments continue to struggle, they are clearly insufficient to reduce ongoing day-to-day financial strain. Instead, they appear to have prevented already worrying high levels of debt from getting worse.

The findings in the report are particularly acute for certain groups, which as always highlights that the situation is not the same for all low-income households. Almost nine in ten low-income Black households[1] are going without essentials, and almost eight in ten are in arrears, compared to less than six in ten low-income white households going without essentials, and just over three in ten in arrears. Low-income renters, households with a respondent aged 18–34,[2] those on UC and in London are all disproportionately more likely to be struggling with their finances. For many households in these groups, the situation has remained persistently bad through the crisis, or has got worse – there has been no relief.

The financial impacts of not being able to pay your rent or energy or council tax or payday loan bills are significant, but so too are the health impacts of being unable to afford enough food, or only being able to afford poor-quality food that is not nutritious. 2.7 million low-income households (23%) reported having a poor diet as a result of high prices over the last two years, and nearly all of these households (2.6 million) were going without at least one essential. We find that 8.6 million low-income households (74%) reported having at least one health or wellbeing concern over the last two years, and a very concerning 6.8 million (93%) of those going without essentials reported the same. Even if inflation continues to fall in the coming months, some of the health and wellbeing issues which are prevalent among this group, such as poor mental health, loss of sleep and poor diet, could well persist into the future.

Given the economic circumstances, and the level of hardship and debt families are facing, the findings in this report are not unexpected, but should continue to challenge us as to the situation facing many people across the UK. Without action we risk these levels of hardship becoming the new normal.

We live in one of the wealthiest countries in the world, and yet in the UK millions are going without the essentials we all need to get by. We cannot always deal with what life throws at us on our own, which is why we need a social security system that supports us all to afford essentials while we recover from setbacks. The Government should implement an Essentials Guarantee to ensure the basic rate of UC at least covers the essentials and that deductions can never pull support below that level.

In addition, private renters are faring disproportionally badly, with high housing costs driving this. The Government must unfreeze local housing allowance and reinstate it to at least cover the bottom 30th percentile of local rents, alongside ensuring that the Renters Reform Bill does not allow landlords to raise rents within tenancies to unaffordable levels for renters.

Box 1: The fourth wave of JRF's cost of living survey

This paper presents the findings from a large-scale bespoke online poll of 4,004 low-income households across the UK conducted by Savanta ComRes between 3–18 May 2023.

For this report, 'low-income households' are defined as those in the bottom 40% of 'equivalised' household incomes (see methodology note) – around four in ten households in the UK. When we refer to those on 'the lowest incomes' we are referring to those in the bottom 20% of household incomes.

It follows on from our research carried out in September/October 2021, May/June 2022, and October/November 2022 where we have been tracking the cost of living crisis and the financial impact of the pandemic. Please see the methodology note at the bottom of this paper for more information.

Introduction: the economic backdrop

JRF has been tracking the impact of the pandemic and the cost of living crisis on low-income households for 18 months now, across four waves of research (see Box 1 above). In May 2023, we found stubborn levels of hardship that have not budged from their post-pandemic highs – the persistence of high inflation has not given households any breathing space to improve their financial position. Before we turn to the results of our survey in detail, it makes sense to take stock of just how challenging the economic situation has been in recent months.

Record price rises have dominated the economic landscape in the last two years, particularly for essentials like food, energy and housing which have a big impact on low-income households' budgets

The UK has experienced record inflation, with prices rising by 18% between April 2021 and April 2023 and the highest annual inflation rate since 1981 (11.1%) recorded in October 2022. Energy prices increased by 110% between April 2021 and April 2023 and food prices increased by 27% over the same time period, with food now one of the greatest contributors to inflation. While inflation has finally dropped below double digits for the first time in seven months, to 8.7% in April 2023, the crisis is far from over, and prices remain high (Office for National Statistics (ONS), 2023a). While the whole country has felt the pinch from prices rising so drastically, low-income households have felt it acutely – the effective inflation rate is higher if you are on a low income (12.1% for the year to December 2022 for low-income households, compared to an average rate of 10.5%), and the impact of price rises, particularly for essentials, is significant because more of your (low) income is spent on them (ONS, 2023b).

In addition to general inflation rising, so have housing costs – for renters and mortgage holders. The ONS private rental price index (ONS, 2023c) shows rents have increased at the highest rates across England since its records began in 2006. Since September 2019 (the rent level at which housing benefit was set and subsequently frozen with reference to), rental price rises have risen by an average of 9.8% across the UK (ONS, 2023b). Rental asking prices have increased by over 20% across the country since September 2019, adding to levels of insecurity felt about finding a home if you need to move (Right Move, 2023).

Interest rates rising to a 15-year high has increased costs and reduced availability of loans for mortgage holders and low-income households needing credit

For low-income mortgage holders, inflationary pressures and fiscal policy changes have led to interest rate rises which have had a big impact, with the bank rate rising from 0.1% in April 2021 to 4.5% in May 2023. The ONS found that the average mortgage repayment for a five-year fixed rate at 75% Loan to Value Ratio (LVR) for a semi-detached property rose by 61% (from December 2021 to December 2022) (ONS, nd).

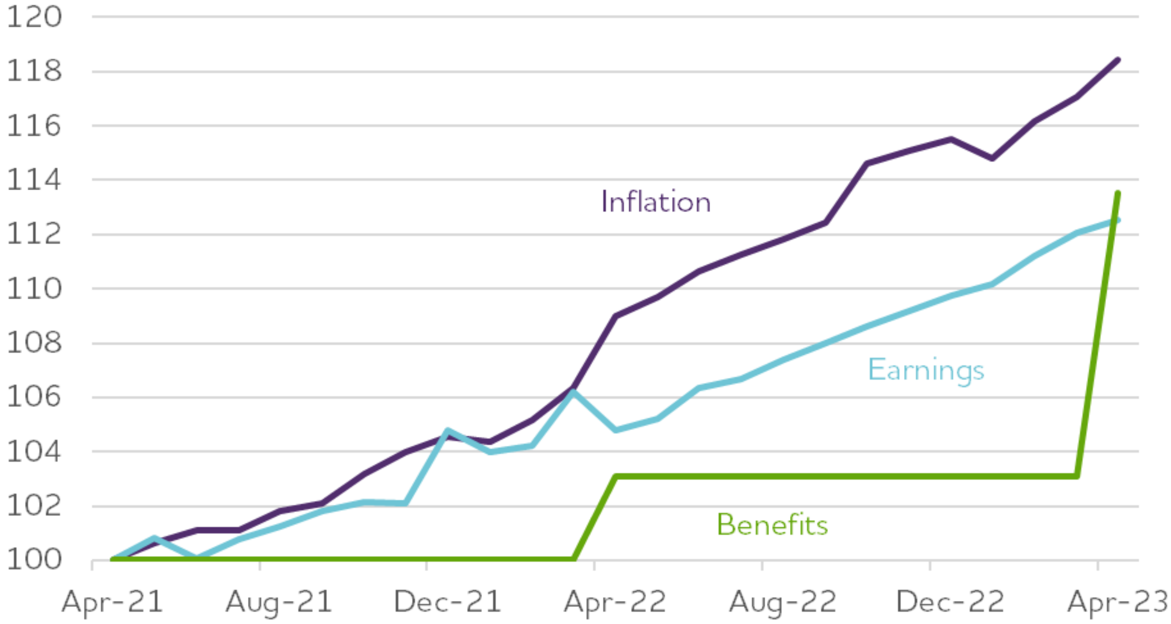
Interest rate rises also impact lenders' appetite to lend money to households through unsecured lending, like personal loans and credit cards. The Bank of England has found that availability of credit for low-income households appears to be falling, and this is not surprising as rising interest rates make credit more expensive, and households' disposable incomes have fallen, meaning more money is being spent on buying essentials at higher prices. In the first quarter of 2023, a Bank of England survey indicated the availability of unsecured credit for households had worsened as a result of both a changing economic outlook and a changing appetite for risk. Lenders also reported a fall in the approval rate for lending (Bank of England, 2023).

Incomes have not been able to keep pace with these price rises – through both earnings and benefits

On the other hand, incomes, whether from benefits or earnings, are simply not keeping up with prices. As outlined in Figure 1, over the last two years (between April 2021 and April 2023), there has been a 14% uprating in the standard rate of benefits mainly due to uprating in April 2023, while the average inflation level (which is even higher for those on low incomes) rose by 18%. This leaves benefit rates lagging behind inflation, and they will remain static for the next year while prices are expected to continue rising, with the Bank of England not expecting inflation to hit its 2% inflation target again until late 2024. Over the same period, real earnings growth has also taken a hit – average earnings increased by 13% in nominal terms, a real reduction of 5%.

Figure 1: Earnings and benefits have not kept up with price rises over the period April 2021 to April 2023

Percentage point change in inflation, earnings & benefit rates, April '21 = 100, UK



Source: JRF analysis using ONS consumer price indices, labour market statistics and Department of Work and Pensions benefit rates
Note: Inflation is Consumer Price Index (CPI), and earnings is the change in average weekly total pay for the whole population

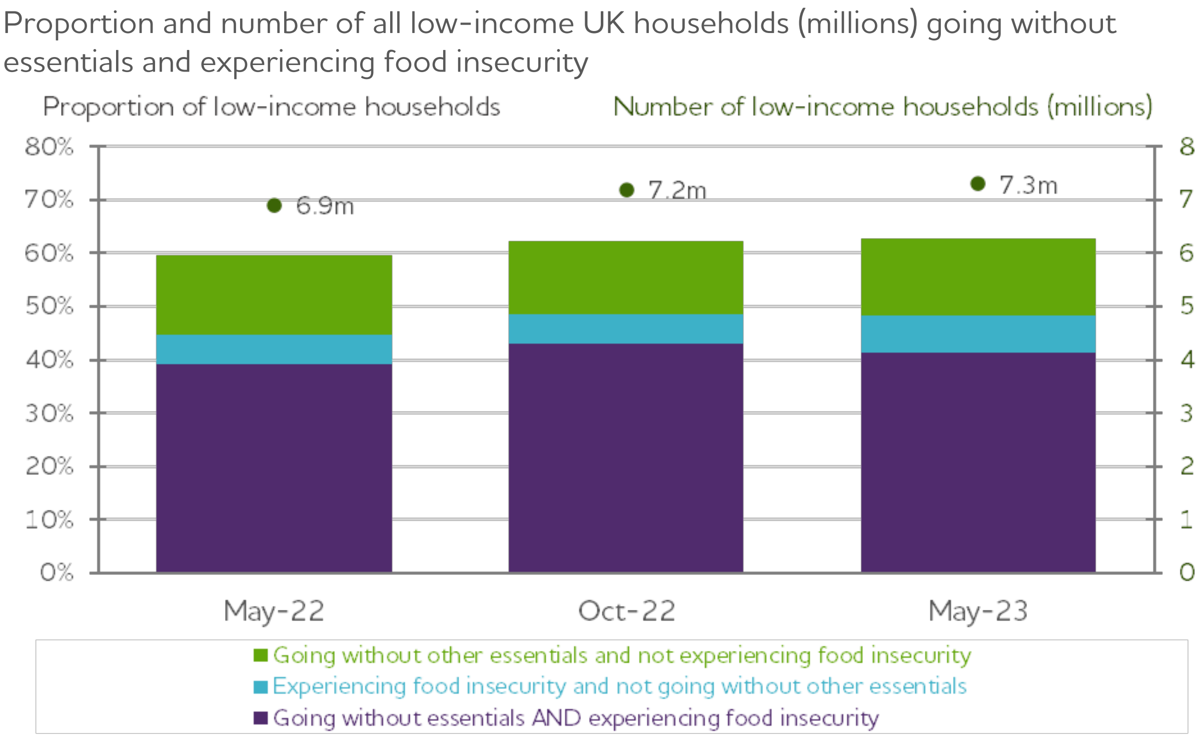
However, while the picture is particularly bad during this cost of living crisis, it is not new, and for benefits in particular, this is a long-running problem, which has worsened in recent years: the basic rate of benefits increased by only a fifth between April 2013 and April 2023, at the same time as inflation and earnings grew by a third. While declining living standards are concerning for all, low-income households are bearing the brunt every month of trying to stretch household budgets even further, despite years of already doing so.

7.3 million low-income households, and almost all on UC, have gone without essentials between November 2022 and May 2023

Overall, 63% of all low-income households in the UK have reported going without essentials in the last six months – amounting to an eye-watering 7.3 million households (see Box 2 for how we define 'going without essentials'). This figure has remained above 7 million since May 2022, over three surveys, and paints a deeply concerning picture of embedded hardship that is not budging from unacceptably high levels.

Within this figure, we find that 4.8 million (the majority of households in this group) (66%) are going without food, as well as other essentials like showers, essential journeys and heating; 1.7 million reported going without non-food essentials alone and just over 800,000 reported only experiencing food insecurity but not forgoing other essentials. This tells us that, if you are experiencing food insecurity, you are highly likely also to be going without multiple other essentials, and when we combine those going without both and those just experiencing food insecurity, we see that 5.7 million low-income households are experiencing food insecurity overall – going hungry or cutting down on meals.

Figure 2: The proportion of low-income households going without basics like showers and food has not fallen since May 2022



Source: JRF Cost of Living Tracker Surveys May 2022 to May 2023, carried out by Savanta

Note: Proportion of households going without essentials in the last six months, and experiencing food insecurity in the last 30 days. See Box 2 for methodology note for further detail.

As we outlined in detail in a previous tracker (Earwaker and Schmuecker, 2022), the Family Resources Survey in 2019–20 found only 14% of working-age, low-income households had experienced food insecurity by the same definition, compared to the 59% we find in this wave. While the surveys are carried out in different ways, the difference is so marked it cannot be explained completely away by technicalities – and is backed up by findings from the Food Foundation and Trussell Trust.

The blue bars on Figure 2 above are large because so many low-income families are going without multiple basics. Half of those who reported going without at least one essential are going without three or more, equating to just over three in ten of all low-income households (31%) – a shocking 3.7 million, more than every household in greater London. These overall numbers are very similar to what we found in our research in May 2022 and October 2022 – emphasising the persistence of financial hardship for millions.

Box 2: Defining 'essentials' for this paper

Throughout this paper, we refer to low-income households 'going without essentials'. Our definition of this is that a household reported experiencing food insecurity, or going without at least one other essential, as defined below. We asked the questions below in order to be consistent with other published research and government surveys such as the Family Resources Survey.

'Food insecurity' means at least one household member in the last 30 days has either:

– cut down the size of meals or skipped meals because there was not enough money for food; or

– been hungry but did not have enough money for food.

'Other essentials' means that at some point since November 2022, at least one household member has experienced the following because of inadequate resources:

– has not dressed appropriately for the weather (suitable clothes or shoes)

– has not replaced or repaired major electrical goods like a refrigerator, TV, washing machine when broken

– has gone without a shower or a bath

– has gone without basic toiletries like soap, shampoo, toothbrush or sanitary items

– has not been able to keep their home warm

– has not been able to adequately furnish their home

– has not had essential dental treatment done

– has not got prescriptions, pain relief or over the counter medication

– has visited a food bank since June 2022

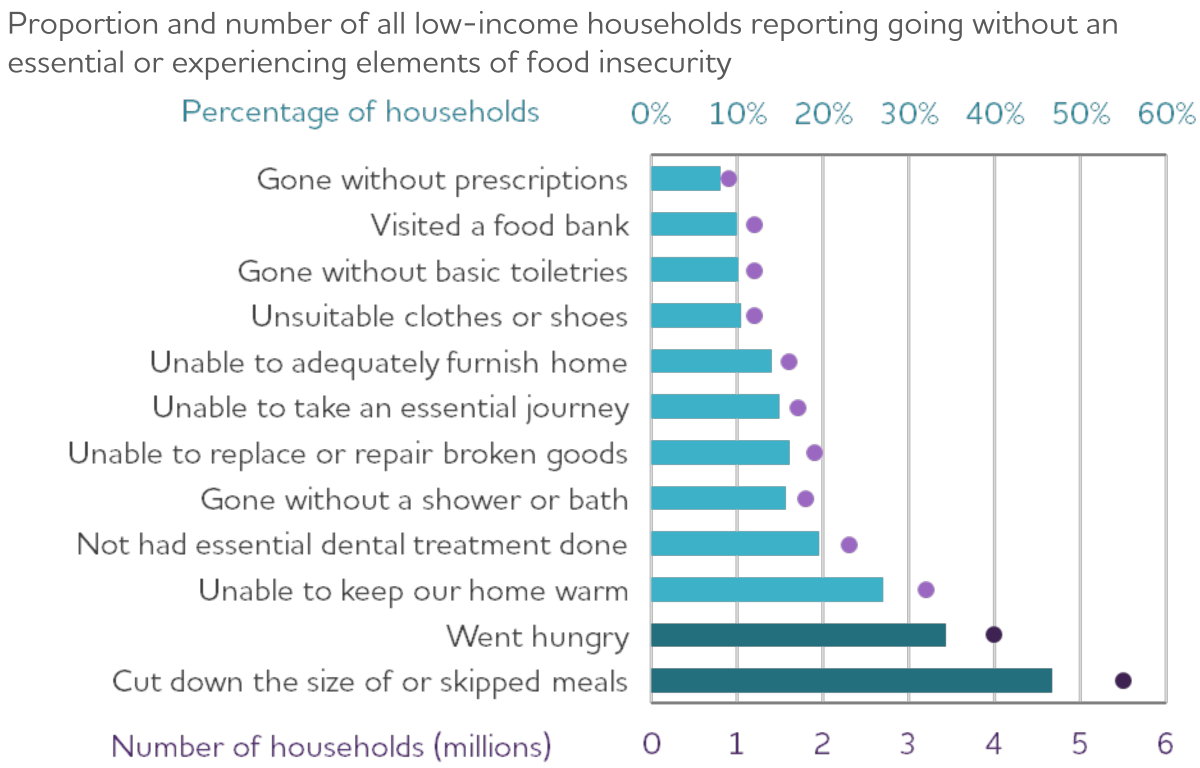
– has not made an essential journey

Record food and energy inflation, combined with climbing housing costs, has left 3.7 million families going without three or more essentials like showers, toiletries, a warm home and food in the last six months

As outlined in the previous section, CPI inflation was a record 18% from April 2021 to April 2023, with the prices of essentials like energy, food and transport driving the rises. Energy prices have been eating up big chunks of household incomes, with 3.2 million low-income households (27%) reporting that they could not afford to keep their home warm and 7.9 million low-income households (68%) reporting that they had been heating their homes less than before the cost of living crisis in between November 2022 and May 2023.

However, it is not just energy and heating-related essentials which families have had to manage without. As shown in Figure 3, across all low-income households between November 2022 and May 2023, 2.3 million could not get essential dental treatment done (20%), 1.8 million had to go without showers or baths (16%), 1.7 million could not take an essential transport journey (15%) and 1.2 million could not adequately clothe themselves for the weather (10%) – all because they did not have enough money.

Figure 3: Persistently worrying numbers of low-income households have been going without different types of essentials, with food most likely to be forgone



Source: JRF Cost of Living Tracker Surveys May 2022 to May 2023, carried out by Savanta
Note: Note: Respondents are asked if they have experienced the above over the last six months, with the exception of 'went hungry' and 'cut down the size of meals' which is in reference to the last 30 days. See Box 2 for methodology note for further detail. 'Gone without prescriptions' includes those going without 'prescriptions, pain relief or over the counter medication'. 'Unable to replace or repair broken goods' specifically refers to 'major electrical' goods.

Against the backdrop of 19% food inflation in April 2023, in the 30 days prior to filling out the survey, 4 million low-income households had gone hungry and 5.5 million cut down on the size of meals or skipped meals because they did not have enough money for food. Overall, 5.7 million experienced either or both of these. We also find half of all low-income households (53%) had cut back on spending on food for adults in the last six months due to cost, and this is even higher at nearly seven in ten for low-income households receiving UC (69%).

We also find that 1.2 million low-income households had to use a food bank in the last six months (10%) – which we know is a point of last resort. Frontline organisations saw rising demand for food banks over the last year. The Trussell Trust gave out almost 3 million emergency food parcels in the year to March 2023, a record number. In the last year they also saw a 38% increase in the number of families who have needed support for the first time, compared to the same period last year (Trussell Trust, 2023). These findings reflect a huge level of need that low-income households have been facing, as inflation has surged and benefits and wages have remained too low, for too long.

It is not just data that is telling us households cannot make ends meet – JRF's Grassroots Poverty Action Group has been warning of embedded and persistent hardship, and highlighted how, for many households on low incomes, support received was used to pay down debts first and foremost. It was clear any support was only providing short-term relief.

Almost all low-income households on UC are going without essentials, and over half are going without three or more essentials

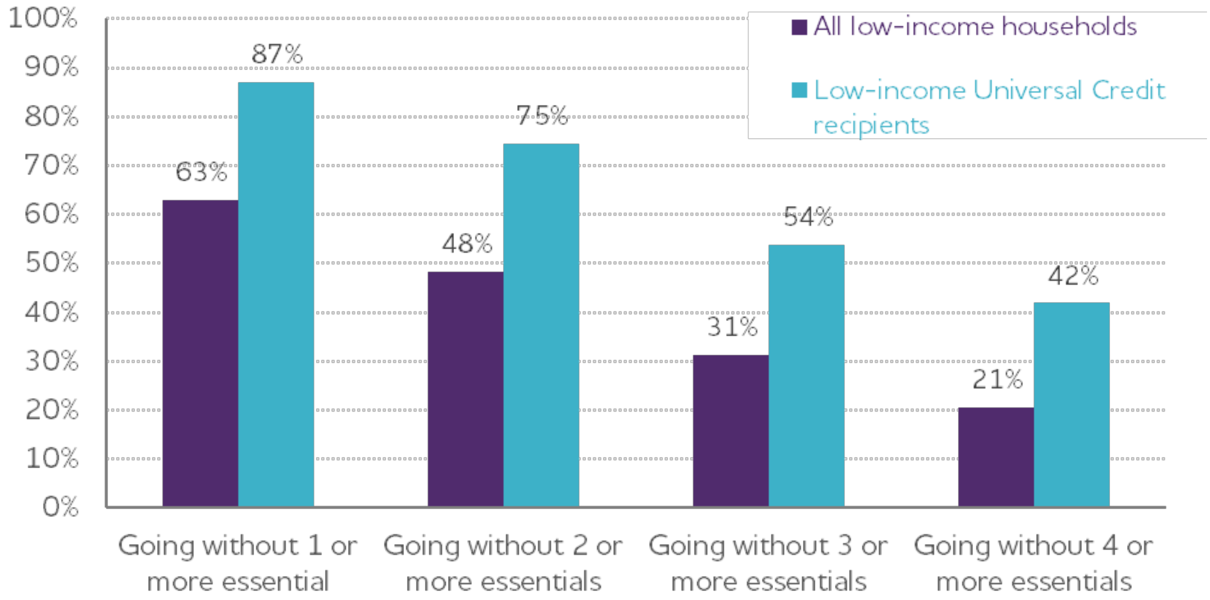
We cannot always deal with what life throws at us on our own, which is why we need to have a system in place that supports us all to afford the essentials while we recover from setbacks. UC should offer support to anyone in need of help. Yet right now around nine in ten (87%) low-income households receiving UC are still reporting going without at least one essential, a number that has not budged since we first started tracking it 12 months ago, despite 80% of all low-income households on UC also having received a cost of living payment when responding to this survey.

Looking at food insecurity specifically, three-quarters of low-income households on UC (76%) reported experiencing food insecurity in the last 30 days, compared to an average of 48% across all low-income households. This has stayed the same since October 2022 (77%).

Of low-income households on UC, 1.8 million (54%) have reported going without three or more essentials, and over four in ten have gone without four or more essentials in the last six months – emphasising just how much our safety net is failing people who need it. These numbers are significantly higher than the average for all low-income households in the bottom 40% of incomes, as shown in Figure 4, driving home how low the incomes are of those on UC, and how inadequate our social security system is.

Figure 4: Almost all low-income households on UC have gone without at least one essential and around half have gone without three or more essentials

Proportion of low-income UK households on Universal Credit going without essentials between November 2022 and May 2023



Source: JRF Cost of Living Tracker Survey May 2023, carried out by Savanta

Note: Proportion of households going without essentials refers to those going without essentials in the last six months, and experiencing food insecurity in the last 30 days. See Box 2 for methodology note for further detail.

Findings like this emphasise just how important it is that UC is reformed to ensure we can all afford the essentials in hard times. The basic rate of UC (its 'standard allowance') should at least cover core essential household bills. But it is not currently set according to any rational assessment of the price of essentials and is only £85 a week for a single adult. Often people receive even less as they face deductions from their support which are automatically taken at unaffordable rates, for example to pay off debts to the Government. We need an Essentials Guarantee to ensure that the basic rate of UC at least covers essentials, and that deductions can never pull support below that level. Our research (JRF, 2023) indicates that this level needs to be at least around £120 a week for a single adult to cover the cost of essentials like food, utilities, vital household items and travel.

Some groups are much more likely than others to be going without essentials

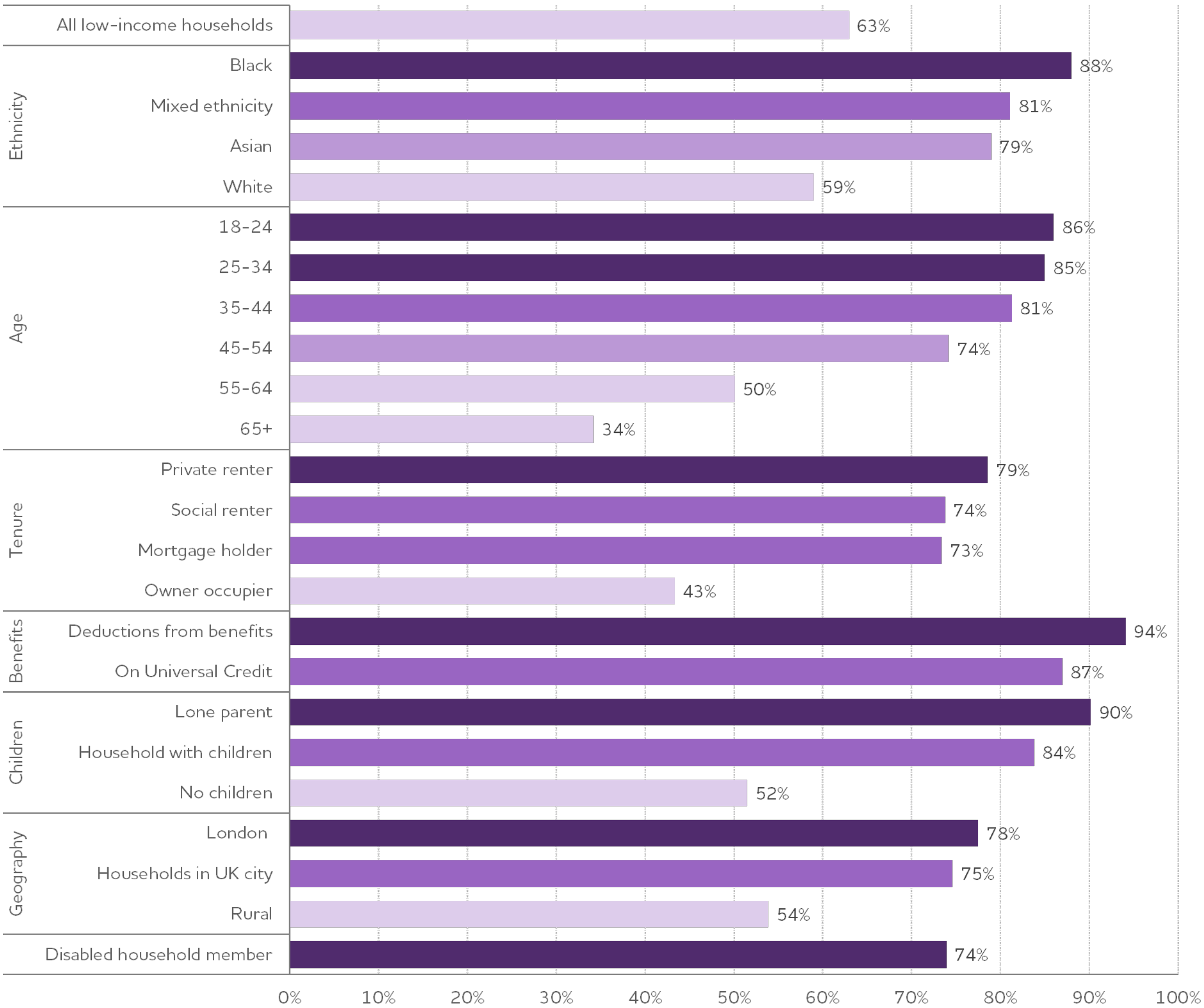
While these overall levels of hardship are concerning, they are worse for certain groups, as illustrated in Figure 5 below. Almost nine in ten (88%) low-income households with Black respondents reported going without at least one essential or experiencing food insecurity, with this also being elevated for low-income households with respondents with mixed ethnicity (81%) and Asian ethnicity (79%), considerably higher than the 59% for white households.

Looking across the UK by region, low-income households in London are faring the worst, with almost eight in ten (77%) reporting going without at least one essential.

Housing costs are also a significant factor in whether low-income households are going without the basics. Around eight in ten (78%) low-income private renters went without at least one essential, as did 74% of low-income social renters, and 73% of low-income mortgage holders. This compares to 43% of low-income households who own their homes outright. And finally, over eight in ten (84%) low-income households with children are going without essentials, rising to nine in ten for lone parents.

Figure 5: Demographics matter: Over 8 in 10 low-income households with Black respondents, young respondents, lone parents or in receipt of UC and facing deductions are going without essentials

Proportion of low-income UK households in May 2023 going without essentials



Source: JRF Cost of Living Tracker Survey May 2023, carried out by Savanta
Note: Proportion of households going without essentials refers to those going without essentials in the last six months, and experiencing food insecurity in the last 30 days. See Box 2 for methodology note for further detail.

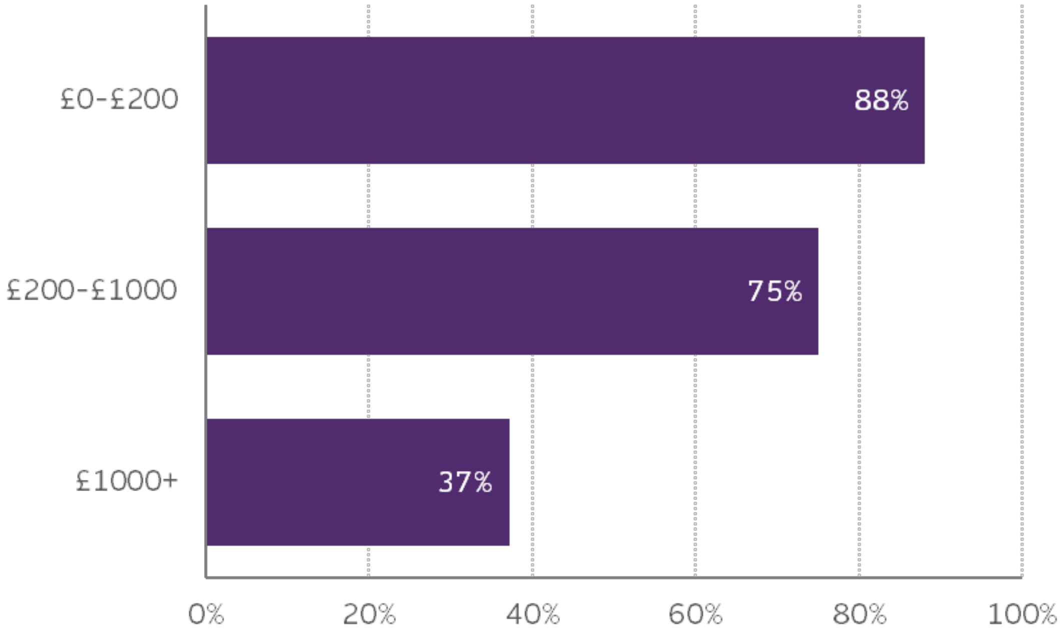
Households going without essentials have very low savings levels

Savings are an important source of financial resilience if you fall on hard times or have unexpected expenses, but too few low-income households have enough savings to be able to fall back on them.

We find that almost a third (31%) of low-income households (3.7 million households) have less than £200 in savings and 51% (or 6 million low-income households) have less than £1,000. As Figure 6 shows, 88% of those with less than £200 in savings reported going without at least one essential – more than twice the rate of those with over £1,000 (37%).

Figure 6: Those with less than £200 in savings are more than twice as likely to be going without essentials than those with more than £1,000 in savings

Proportion of low-income UK households going without at least one essential in May 2023, by savings level



Source: JRF Cost of Living Tracker Survey May 2023, carried out by Savanta
Note: Proportion of households going without essentials refers to those going without essentials in the last six months, and experiencing food insecurity in the last 30 days. See Box 2 for methodology note for further details. These figures exclude those who responded 'don't know' to their savings level.

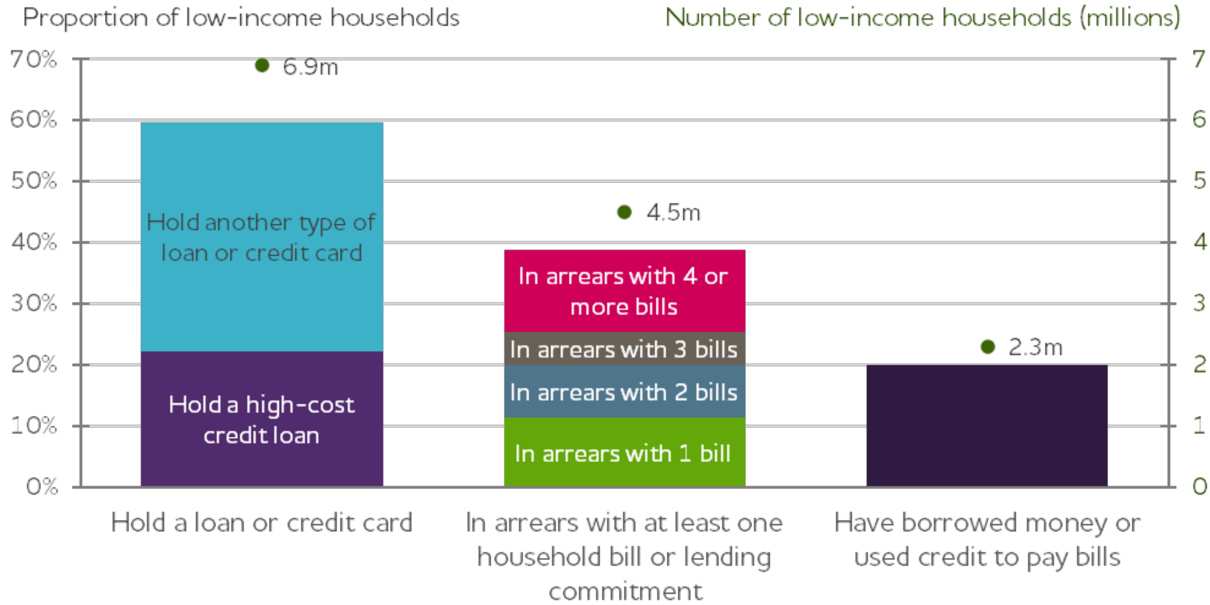
Unsurprisingly, age also plays an important role in savings levels. Over three-quarters (78%) of low-income households where our survey respondent was over 65 have more than £1,000 in savings, compared to just 24% of those with respondents aged 18–34.

The number of low-income households in arrears with their bills has not fallen below 4.5 million in 12 months

Low savings and incomes combine to mean that many households in our survey had to turn to debt to make ends meet amidst rising costs. As Figure 7 shows, 2.3 million (20%) low-income households reported that, to cope with the crisis, they've had to borrow money or use a credit card to pay for essential bills like rent, energy or council tax at some point in the last two years. Almost all of those who did this (97%) currently still hold a loan of some sort. Six in ten of all low-income households report having a loan, and for some these loans will be manageable. The challenges are more significant when households are forced to borrow at high interest rates (unsecured lending tends to have high-interest costs or penalties attached to it). We find that over a fifth (22%) of all low-income households currently hold a high-cost credit loan – meaning they owe money to a loan shark, doorstep lender, pawnshop or payday lender, averaging owing around £1,300 across these loans, which is concerning.

Figure 7: The debt picture for low-income households is stark, with over 2 million borrowing money just to pay the bills, 2.6 million holding very high-cost credit loans and the majority of those in arrears behind on more than one bill

Proportion and number of low-income UK households with a loan, in arrears, or who have borrowed money to pay bills



Source: JRF Cost of Living Tracker Survey May 2023, carried out by Savanta

Note: High-cost credit loans refer to loans to unregulated lenders (loan sharks), doorstep lenders, payday lenders or pawn shops. The proportion of households borrowing money or using credit to pay bills is over the last two years, during the cost of living crisis; 97% of those who have borrowed money or used credit to pay for their bills still hold a loan – they are not two completely distinct groups.

Further, the strain on households right now is so great that many households are left with no other option than to fall into arrears on their bills or debts. As also shown in Figure 7, around four in ten (39%) low-income households report being behind on a household bill (like rent, energy, council tax), or a lending commitment (like a credit card, overdraft, payday loan or personal loan), amounting to 4.5 million low-income households. This is more than triple the number of households in the bottom 40% found to be in arrears pre-pandemic in official statistics (11%) (JRF analysis of Family Resources Survey 2019–20), and is much higher than in October 2021 (33%), as pandemic support was coming to an end. It has now been hovering around the four in ten level for over a year, and has not dropped below 4.5 million households in our research since October 2021. Households with less than £200 saved were almost three times more likely (66% compared to 24%) to be in arrears as those who had more than £200 saved.

Being in arrears has enormous consequences for your credit rating, your ability to be accepted for rental accommodation, for loans, and for your mental health. It also makes you worse off financially, due to the penalties associated with falling behind on your bills or lending commitments – for example, with council tax or your credit card.

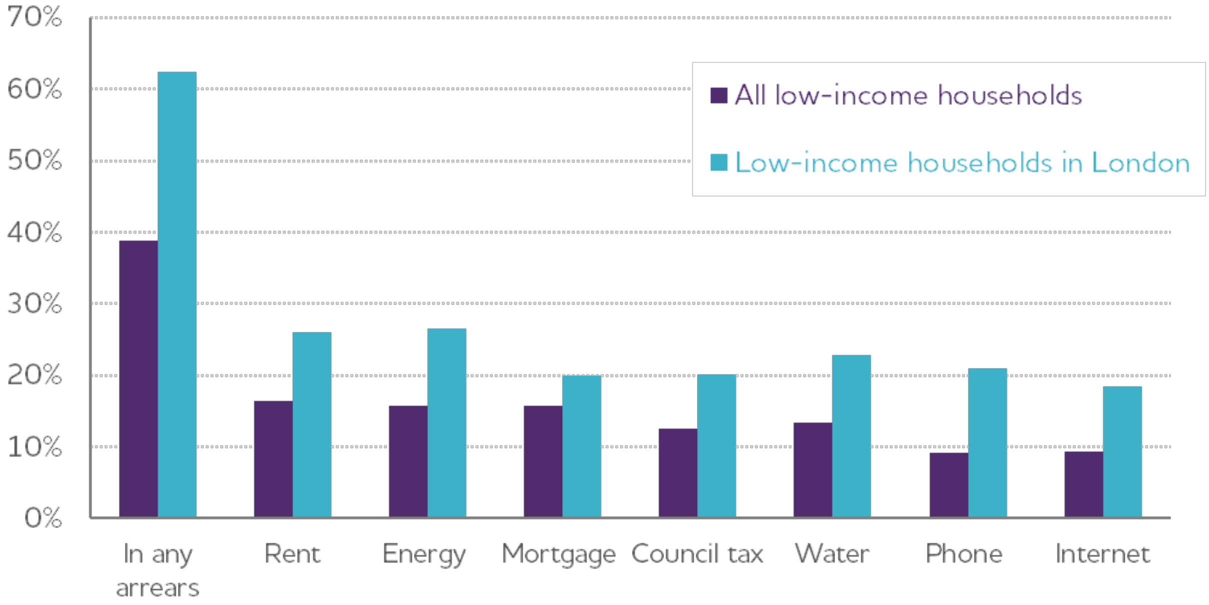
These issues are exacerbated if you are behind on multiple bills, to multiple different providers or companies. Of those in arrears, we find that over 2 million low-income households (48%) are in arrears with three or more bills. The average amount of arrears is around £1,600, which will feel impossible to get ahead of when you're on a very low income, with no savings and limited access to affordable credit.

Low-income Londoners are struggling the most with arrears out of any region in the UK

Low-income households in London are disproportionately more likely to be in arrears than any region overall, and for every single type of bill or lending commitment we asked about. Overall, 62% of low-income households in London were behind with at least one bill, compared to 39% overall. As Figure 8 shows, 26% of low-income renters in London are in rent arrears, compared to 16% overall and 27% of all low-income households in London are in energy arrears, compared to 16% overall.

Figure 8: Low-income Londoners are more likely to be behind on every single household bill than any other region in the UK

Proportion of low-income UK households in arrears with household bills in May 2023



Source: JRF Cost of Living Tracker Survey May 2023, carried out by Savanta

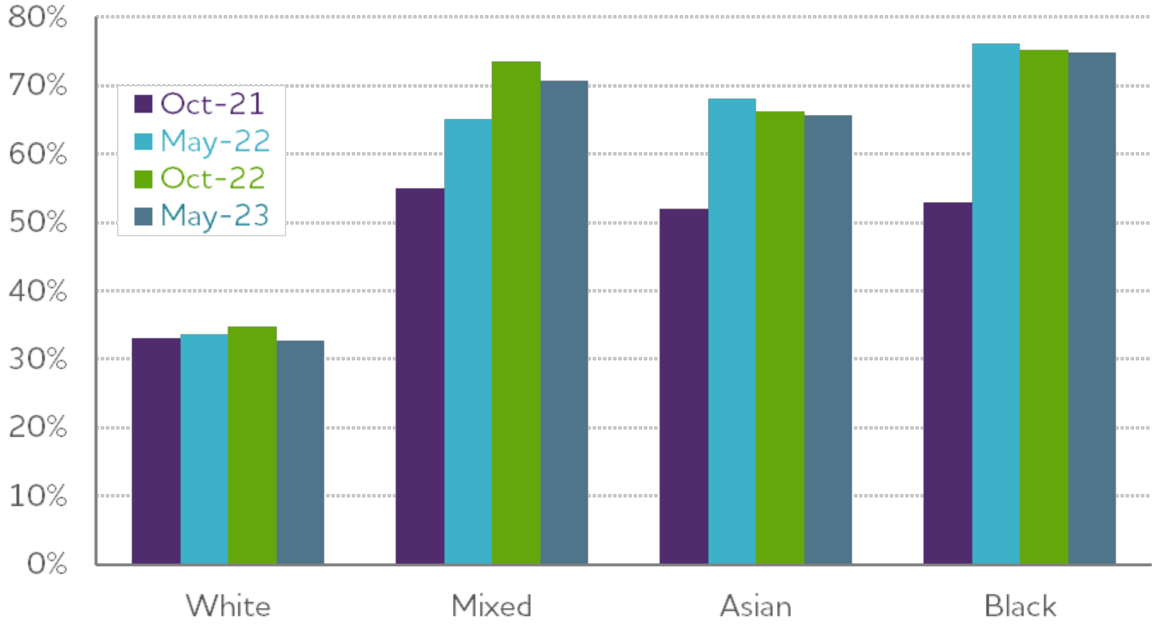
Note: Arrears levels for rents and mortgages are only for those who are renting, or hold mortgages, not full population.

Seven in ten low-income Black, Asian and mixed ethnicity households are in arrears, compared to three in ten low-income white households

Each wave of our cost of living trackers has shown large differences in the level of arrears between ethnicities, and this fourth wave is no different, with around seven in ten Black, Asian and mixed ethnic respondents reporting that their household is in arrears. As Figure 9 illustrates, low-income Black, Asian and mixed ethnicity respondents are in households that are more than twice as likely to be in arrears as white respondents' households, but they have also experienced huge increases (up to 20 percentage points) in the proportions in arrears since October 2021, while the arrears position of low-income white respondents' households has remained stable.

Figure 9: Households with respondents from Black, Asian or mixed ethnicity are highly likely to be in arrears and have seen arrears levels soar through the cost of living crisis, in stark contrast to those in households with white respondents

Proportion of low-income UK households in arrears, by ethnicity of respondent, October 2021 to May 2023



Source: JRF Cost of Living Tracker Survey May 2023, carried out by Savanta

In part this is about where ethnic minority households live (cities), their housing tenure (renting), their age (younger) – all of which are linked with higher rates of arrears. Using the Family Resources Survey, we know that 27% of low-income Asian and 37% of Black households live in London, compared to 6% of low-income white households; 26% of Black households live in the private rented sector, compared to just 18% of white households; and in this survey we find that around six in ten low-income households with Black respondents have adults under 34, compared to just 18% of those with white respondents.

When we control for these demographic and regional differences, we find that Black households are still twice as likely to be in arrears. However, the relationship between ethnicity and being in arrears is much larger when we do not include these controls, indicating that personal characteristics and ethnicity itself are both associated with higher levels of arrears amongst Black households in our survey.

Loans and credit are often a lifeline if you cannot afford unexpected essential bills, yet almost 3 million households have been declined lending over the last two years

In addition to rising prices forcing millions of households on low incomes to go without essentials, higher interest rates have pushed up the cost of credit, which has combined with the deteriorating economic outlook and led to a fall in lenders' risk appetite. Together, higher costs and lower-risk appetite from lenders have further eroded the borrowing ability of low-income households. In the first quarter of 2023, lenders surveyed by the Bank of England reported a reduction in the availability of unsecured credit provided to households and a fall in the approval rate for lending (Bank of England, 2023).

Consistent with the Bank of England data, Fair 4 All Finance have found that 44% of community finance lenders had tightened their lending criteria in response to the economic environment in late 2022, and that even though application rates were higher, they expected loan approvals to be lower than budget due to tighter affordability criteria and credit risks (Fair 4 All Finance, 2022).

This evidence on loan refusals is why we have asked about declined loans for the first time in this wave of our cost of living tracker. Although we do not have comparator data, we can report that, of those who applied for a loan, 2.8 million low-income households (24%) report having been declined lending between May 2021 and May 2023. This rises to almost half of all low-income UC recipients (47%), and 60% of those facing deductions from their benefits. A recent financial inclusion report highlights a stark picture too, finding that 40% of adults have been declined lending in the two years to January 2023 (Plend, 2023).

Those who have been declined a loan are more likely to be going without essentials, in arrears, or have a high-cost credit loan

Almost all low-income households who have been declined a loan are in a very precarious financial position, with it being a clear signifier of hardship. A striking 92% of those who were declined a loan over the past two years reported going without at least one essential in the last six months, with 43% of these going without four or more essentials. Eight in ten reported being in arrears (80%), and 61% of those in arrears were in arrears with three or more different types of bills.

If you are declined lending, you may also turn to alternative forms of high-cost credit that are more expensive to cover the risk. We find that 56% of those who had applied and been declined a loan in the last two years currently hold a high-cost credit loan – meaning they have a loan with either a loan shark, doorstep lender, payday lender or a pawn shop. Over half of this group (58%) hold three or more of these loans, and 43% hold a loan with each type of high-cost credit lender. Similar findings are true when we look at Buy Now Pay Later loans, which do not currently require affordability assessments. Over six in ten low-income households who have been declined lending hold a Buy Now Pay Later loan, and four in ten say that their Buy Now Pay Later loan is new or has increased in the last six months.[3]

With forecasts for interest rates to continue to rise again in June, and inflation remaining stubbornly high, it is clear that low-income households may need further support to access affordable credit to avoid the only option being high-cost loans. We will be doing further work on this in the coming months.

Government support is helping to pay down debt and help with food insecurity, but still leaves levels of hardship unacceptably high

In addition to energy support, the Government's main measure to support low-income households with the cost of living in 2023–24 is a series of three cost of living payments, totalling £900. The first of these was a £301 payment which was distributed to households on means-tested benefits between 25 April and 17 May. This overlapped with our survey fieldwork period, allowing us to compare the responses of households who had received the cost of living payment with those who were expecting it and were eligible for it, but had not yet received it when they completed the survey. Of those who were eligible for the cost of living payment, the median household income (net, unequivalised, before housing costs) of respondents was £1,500 per month, so an additional £300 would not go unnoticed.

We find that the payment seems to have been mainly used to pay down debts, and to help with buying food in the last month. The timing of when different types of respondents filled in our survey means that the 'raw' differences do need to be treated with some caution. It is still instructive to note, though, that 79% of low-income households who were expecting the payment but had not yet received it were in arrears in May 2023, compared to 55% who had already received the payment. Similarly, 43% of low-income households eligible for and expecting the payment were in arrears with four or more bills, compared to 19% of those who had received the payment.

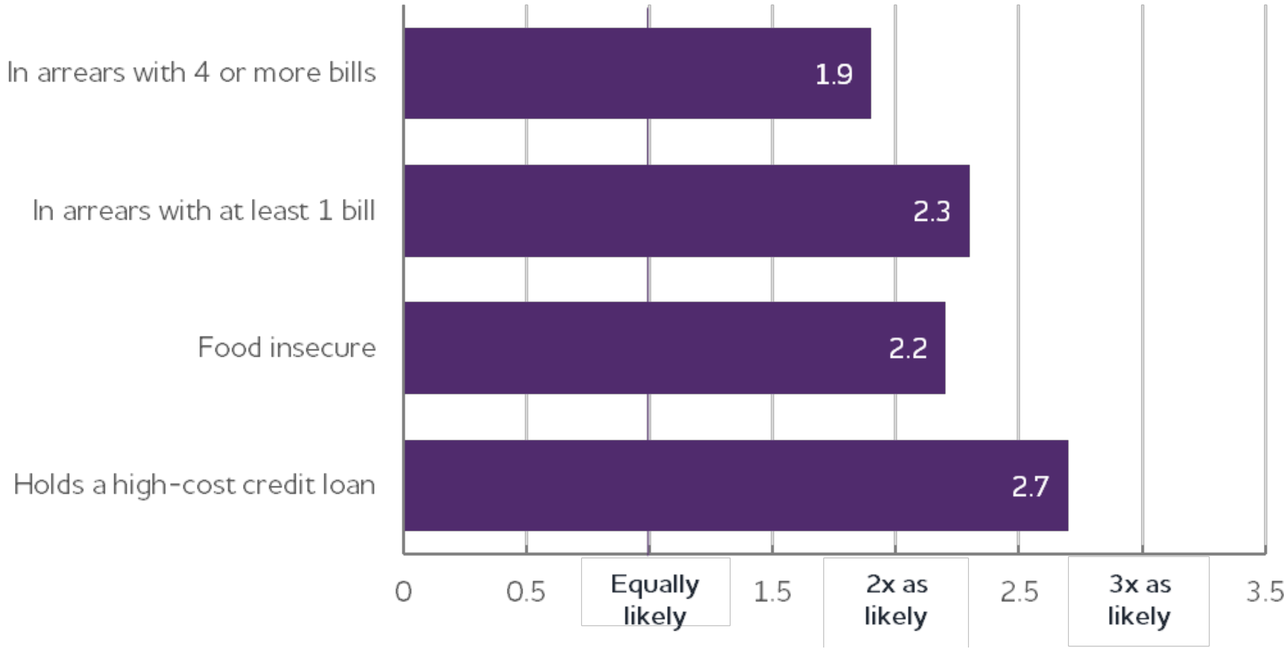
It is not just the amount of debt, but the type of debt that the payments seem to have assisted households with. We find that 64% of low-income households who were expecting the payment had at least one loan from a loan shark, payday lender, pawnshop or doorstep lender (a high-cost credit loan), compared to just 28% who had already received the payment.

We also find that, of those low-income households who had received the payment, around two-thirds (66%) still experienced food insecurity due to not having enough money for food in the last 30 days, compared to 83% who were expecting the payment. That is a huge proportion to be going without enough food, even when receiving the payment.

When we control for differences in demographic characteristics between the two groups (those who have and those who have not received the payment), we still find a significant difference in arrears, high-cost credit debt and food insecurity. As Figure 10 shows, households who had not received the cost of living payment were 2.3 times more likely to be in arrears and almost three times as likely to have high-cost credit. They were also 2.2 times more likely to have experienced food insecurity.

Figure 10: You were much more likely to currently hold debt or be food insecure if you had not yet received your cost of living payment but were eligible

Likelihood of experiencing arrears, food insecurity or having a high-cost credit loan if you are eligible for, but haven't received a cost of living payment in April/May 2023, UK



Source: JRF Cost of Living Tracker Survey May 2023 carried out by Savanta, with regression analysis by JRF

Note: More detail of the personal characteristics we have controlled for to estimate the likelihood can be found in the methodology section.

These findings align with those from frontline services too – with Citizens Advice consistently finding that, with each one-off cost of living payment made over the last year or so, there is a temporary dip in demand for crisis support like debt services and food bank referrals, but this dip only lasts around a month before soaring again (Citizens Advice, 2022). The Trussell Trust found that, with July 2022's cost of living payment of £326, 64% of those who had received the payment had to use it to buy food (Trussell Trust, 2022).

Given the significant debt burden that many are facing, with most households in multiple arrears, and owing an average of around £1,600, coupled with food inflation at record highs, it is unsurprising that the payments have done little more than dampen down the worst of debt and hardship for many families.

With our social security safety net clearly failing to even cover the cost of life's essentials, these temporary cost of living payments would need to be significantly higher if they were to have a material impact on levels of hardship being experienced. Ultimately, rather than temporary fixes, what we actually need is a system that supports us all to at least afford essentials while we recover from setbacks. We need an Essentials Guarantee to make sure the basic rate of UC, as a minimum, at least covers the essentials, and that deductions can never pull support below that level.

Box 3: JRF's Grassroots Poverty Action Group

As in 2022, we worked alongside JRF's Grassroots Poverty Action Group (comprising of 14 people with lived experience of poverty from across the UK) to develop the questionnaire and analyse the key findings of this wave of our survey.

Group members spoke again about the constant struggle they face to make ends meet, and how this was a common experience in their communities. The desire not to get into debt, or further debt, meant people were making sacrifices that negatively affected their physical or mental health. The group shared examples of people not taking sick leave when they needed to, using funds allocated to support them with a disability to cover everyday costs, and not being able to afford to visit their family. For many, trying to get by on a low income was not a new experience but exacerbated by the costs of essential items such as food and energy rising far faster than incomes.

Government support measures were appreciated but not all were universal, and their impact was often short-lived. Even larger amounts such as the cost of living payments were swallowed up by existing debt or, in some cases, spent quickly on essential items they needed to buy.

Financial impacts of the cost of living crisis are significant, but so too are the everyday trade-offs and health impacts that low-income households are forced to endure

For our fourth cost of living survey, we wanted to go beyond the household finances to explore the impact that such a sustained crisis is having on the health and wellbeing of households. We asked respondents for the first time in this wave of the survey about the types of health or wellbeing impacts they, or someone in their household, may have experienced over the last two years. This includes asking respondents about their diet, mental and physical health (or of someone in their household), as well as other effects the cost of living may have had on their wellbeing, such as worrying about affording the essentials or not getting enough sleep.

Many households have had to switch to less healthy food options to cope with the cost of living crisis

To start with, we find that half of all low-income households (53%) have changed the type of food they buy due to increases in prices in the last six months, for example to buying less fresh produce or more processed foods. For low-income households on UC this is even higher, at seven in ten (69%).

It is not just that families are changing what they buy, but that some are having to switch to less healthy options: 2.7 million low-income households (23%) have reported eating a poor diet as a result of the cost of living crisis over the last two years, and nearly all of these households (2.6 million) were going without at least one essential. 1.5 million households on UC (more than four in ten) reported experiencing a poor diet.

These findings are deeply concerning, yet unsurprising, given that food inflation has been higher among fresh produce than more processed food. The Food Foundation finds that a reasonably priced basket of nutritious food increased by around a quarter between April 2022 and May 2023, compared to headline food inflation of 19%. They also report that half of all households (53%) with incomes below £20,000 per year reported being unable to buy healthy food, and that food-insecure families were more likely to be cutting back on fruit, vegetables and fish (The Food Foundation, 2023).

We heard this too in conversations with members of JRF's Grassroots Poverty Action Group. Rapidly rising prices were a significant concern, with many feeling they could no longer afford a varied healthy diet for themselves and their families. With fewer cheap options available in supermarkets, some felt they had little choice but to rely on bread and pasta to fill up, even though the costs of these foods had increased significantly too. They expressed concern about the impact of this on their health. Some members shared examples of struggling to afford the type of food they needed to manage existing health conditions.

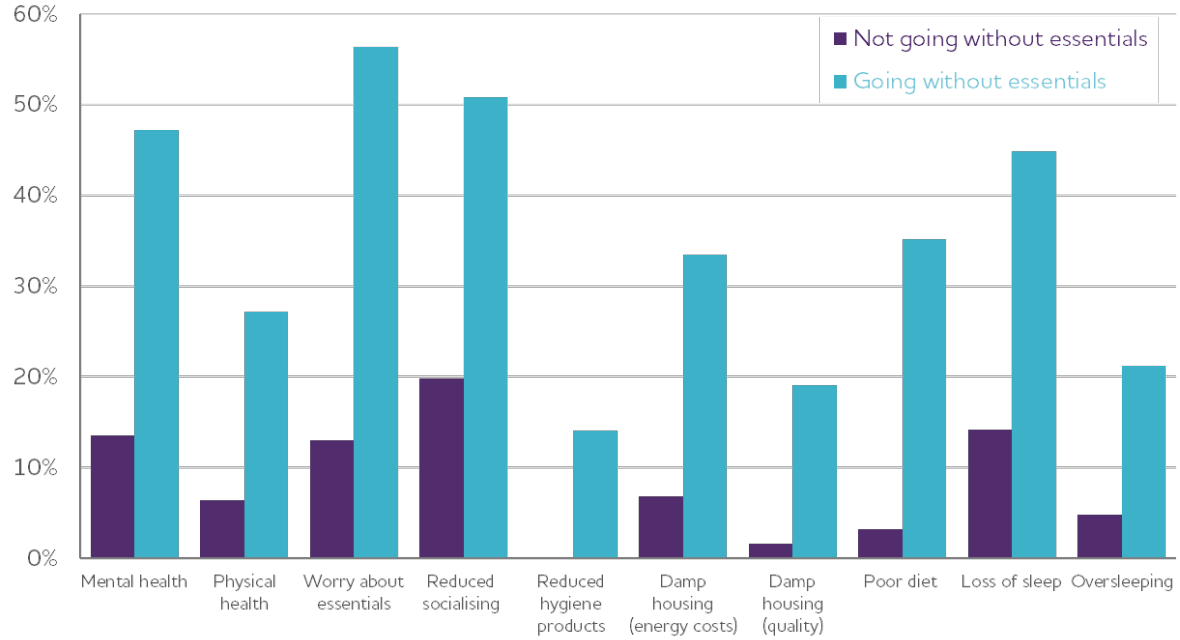
Households have experienced a range of adverse health and wellbeing issues throughout the cost of living crisis, particularly those going without essentials

Alongside switching to less healthy meals, our survey also documents the mental and physical consequences households are facing from not having enough money. We asked respondents whether they had experienced a range of health or wellbeing concerns over the past two years, with three-quarters (74%) or 8.6 million low-income households experiencing at least one of the outcomes shown below in Figure 11. For low-income households going without the essentials, this rises to 93% (6.8 million).

Low-income households going without at least one essential were more likely to report experiencing any of the impacts we asked about, with nearly half (44%) reporting four or more concerns over the past two years. While these findings are stark, they are not unexpected. As Figure 11 shows, households who are already going without are obviously going to be worried about being able to afford the essentials (56% compared to 13% of households not going without the essentials), and this stress is also showing up in poor mental health and a loss of sleep. For those going without essentials, half (47%) reported poor mental health, compared to 14% of households not going without essentials, and 45% reported a loss of sleep compared to 14% of households not going without. Likewise, households who have not been able to afford an essential transport journey are more than twice as likely to have had to reduce their socialising to see family and friends.

Figure 11: Households going without essentials are more likely to report all adverse health and wellbeing impacts

Proportion of low income UK households reporting a health or wellbeing concern over the last two years



Source: JRF Cost of Living Tracker May 2023, carried out by Savanta

Note: Proportion of households going without essentials refers to those going without essentials in the last six months, and experiencing food insecurity in the last 30 days. See Box 2 for methodology note for further detail.

The cost of living crisis is having a negative impact on mental health

Our conversations with JRF's Grassroots Poverty Action Group emphasised the mental health impact of financial insecurity, with members sharing the toll that the crisis has taken on their mental health and those around them. For many, it has exacerbated existing mental health issues and others are now struggling with their mental health when they had not been before. The stress of worrying about affording the essentials and getting behind on bills is leading to a spiral that affects all parts of life. We heard repeatedly about the struggle members faced to get timely, appropriate mental health support, with many left to cope alone.

This impact is reflected in survey results: 4.1 million low-income households (35%) reported struggling with poor mental health in the last two years. Of this group, 40% said it had deteriorated, 21% said it had stayed the same, 13% said it had improved, while 26% said their poor mental health had started within the last two years. Other related issues cited, also shown above in Figure 11, included worrying about affording the essentials – 4.7 million households (40%) – and losing sleep – 3.9 million households (34%).

Mental Health Foundation research carried out in November 2022 into the impact of the cost of living crisis on mental health found that, of adults surveyed in the UK, 10% reported feeling hopeless, 34% feeling anxious and 29% feeling stressed. Together our findings show a pressure cooker created by not having enough money, which is spilling over into poor mental health and other health and wellbeing outcomes which are wearing households down.

Households with mental or physical health conditions from the last two years are faring the worst financially and are also struggling to access the NHS for support

Households are reaching out to the NHS for support, but many are struggling to access overburdened services, largely due to long wait times or strain on the NHS. We asked low-income households who reported a mental or physical health condition in the last two years about the NHS services that they accessed as a result. We found that of those who had a physical or mental health condition – in total 4.9 million people within low-income households – 1.8 million low-income households had accessed the NHS (37%), while 1.7 million (35%) reported wanting to access services but were unable to primarily due to long wait times or were put off by the strain on the NHS. Almost all of those who were unable to access services were going without at least one essential (1.5 million), illustrating the multiple layers of disadvantage households going without the essentials experience.

Survey respondents aged 18 to 24 in low-income households with a physical or mental health condition were more likely to say they wanted to access the NHS but did not compared to survey respondents over 65 (46% compared to 25%) and were far more likely to say this was because it was too expensive than those over 65 (22% compared to only 3%). Households where the respondent is young are much more likely to be on very low incomes, suggesting even the relatively small costs of transport to a doctor's appointment or paying for a prescription are simply too much.

These findings paint a concerning picture of households who are struggling the most financially unable to access support they need now, and how today's challenges are likely to be storing up problems for individuals, families and the whole country in the future.

The Government must do more to stop these levels of hardship becoming a new normal in the UK

The findings in this report show that the UK is at risk of very high levels of hardship becoming baked in as a new normal for far too many families – and that new normal is never catching up with bills, consistently going without essentials and suffering from worsening physical and mental health conditions. But this does not have to be the case. We can reform our social security system to ensure it supports us all to at least afford the essentials while we recover from setbacks and does not pull us into debt. To do that, the Government needs to implement an Essentials Guarantee in UC, ensure that housing benefits align with local rents and that renters do not face a heightened risk of insecurity through unaffordable rent rises.

The Government needs to strengthen our social security system by implementing an Essentials Guarantee and introduce a UC take-up campaign

It is clear that current support is not cutting it. Around nine in ten low-income households receiving UC (87%) are going without essentials, a proportion which has not budged for over a year. This is despite the usual uprating of benefits by inflation and exceptional cost of living payments, showing the problem requires bigger solutions than temporary top-ups to the welfare system. This is why we need an Essentials Guarantee.

An Essentials Guarantee would embed in our social security system the widely supported principle that, at a minimum, UC should protect people from going without essentials. Developed in line with public attitude insights and focus groups, this policy would enshrine in legislation:

- an independent process to regularly determine the Essentials Guarantee level, based on the cost of essentials (such as food, utilities and vital household items) for the adults in a household (excluding rent and council tax, which are intended to be covered by other benefit elements);
- that UC's standard allowance must at least meet this level (if the Essentials Guarantee were implemented before full rollout of UC, it should also be applied to the personal allowance of the legacy benefits); and
- that deductions (such as debt repayments to government, or as a result of the benefit cap) can never pull support below this level.

The UK Government would be required to set the level of the Essentials Guarantee at least annually, based on the recommendation of the independent process. However, our analysis indicates that it would need to be at least around £120 a week for a single adult and £200 for a couple (JRF, 2023). The Essentials Guarantee would represent a significant and widely supported reform, embedding for the first time a protected, minimum level of support linked to an independent calculation of essential needs.

Furthermore, given that cost of living support is only available to those on means-tested benefits, the Government should be doing all it can to ensure that those eligible but not on benefits are receiving them. A take-up campaign for UC should be launched so that everyone who needs support can access it through this cost of living crisis.

High housing costs for private renters are forcing them to go without, and keeping them dragged down by debt – the Government must unfreeze housing support and tighten affordability loopholes in the Renters Reform Bill

Local Housing Allowance has been frozen in cash terms since April 2020, at rental price levels from September 2019. Meanwhile, on average across England, asking rents have increased by over 20% over the same period, and all rents have, on average, increased by double digits. Private renters on low incomes are struggling disproportionately to afford the essentials and are in arrears – which is in part driven by high housing costs, and income not being sufficient to cover them alongside all other bills. Over half of low-income private renters are paying more than 40% of their (already low) income on rent, leaving less for other essential spending. The Government must immediately unfreeze local housing allowance, and realign it with market rents.

The Government has published a long-awaited white paper on reforms to the private renter sector, which we welcome – it is a big deal for renters, and particularly those on low incomes, who we know are disproportionately struggling to make ends meet and spending huge proportions of their incomes on rent. However, while it is welcome that the Government is abolishing Section 21 – the 'no fault eviction' clause where a landlord can evict a tenant without a reason – it is undermined if landlords can evict through hiking rents to levels they know or suspect a tenant cannot afford within a tenancy. We recommend that a better approach would be to limit the amount by which a landlord can increase the rent within a tenancy, such as connecting rent rises to inflation (CPI), local earnings growth or whichever is lower in any period.

It is also clear that the UK needs better solutions for our health services and options for low-income households to access affordable credit. JRF will be doing more work in these areas in the coming months.

Notes

[1] Where we refer to Black households, this means the survey respondent for that household identifies as Black. Similarly when we refer to other ethnicities, it is also that of the respondent. See Methodology note for more detail.

[2] Where we refer to the age of a household, this means the age of the survey respondent for that household. See Methodology note for more detail.

[3] A 2022 report from Edinburgh University using open banking data from Salad Money, which provides affordable loans to NHS and public sector workers, shows that after a loan application is rejected, applicants mainly turn to Buy Now Pay Later lenders (Harrison et al, 2022).

Methodology note

Savanta surveyed 4,004 UK adults aged 18+ in households in the lowest 40% of equivalised household income online between 3–18 May 2023. Data was weighted to be representative by age, gender, region, ethnicity and housing tenure. The data tables are available on Savanta's website.

Out of the 4,004 respondents polled, 3,087 were working age (18–64), which is broadly representative of low-income households in the UK. The age, ethnicity, tenure and income breakdowns of the respondent numbers are as follows (unweighted):

Age

18–24	25–34	35–44	45–54	55–64	65+
353	667	738	597	732	917

Ethnicity

White	Mixed ethnicity	Asian	Black
3286	176	281	222

Housing tenure

Own outright	Own with mortgage	Private renter	Social renter
1477	806	784	901

Income level

Bottom 20% of equivalised household income	20th–40th percentile of equivalised household income
2197	1807

The sample is representative of low-income households across the UK, and our low-income threshold is based on figures from the Households Below Average Income Survey (HBAI) 2021–22. When analysing the data, we use weighted data so that it is representative – the numbers above are unweighted.

Definition of low income

Our definition of low-income households for this paper is households in the bottom 40% of incomes across the UK, using a Before Housing Costs (BHC) equivalised household income. This income definition includes earnings and benefits, as well as other income sources. Households had to have a BHC equivalised household annual income of under £25,933 to participate in the survey (up from £24,752 in the October 2021 and May 2022 waves, and down from £26,570 in the October 2022 wave, due to new income data in 2020–21 and 2021–22 HBAI).

Scaling-up findings to population level

Where we have scaled up the survey findings to population level, this has been done by JRF, and uses population numbers based on the HBAI 2021–22 survey. We have continued to use this survey as the basis for the population for consistency with earlier cost of living surveys.

HBAI analysis found that the UK had 11.7 million households under this income threshold. Where we have grossed numbers up to population level, we have used this number of households to do so. Where numbers of low-income households on Universal Credit have been provided, this has been derived by JRF, using population numbers from February 2023 DWP administrative data, and HBAI 2021/22

Where we have estimated the amount of arrears held by type of bill, and the amount of lending by type of borrowing, we have taken the following approach:

- Respondents were asked to choose a band that reflected the amount of arrears/lending/savings held, for example £700–749.
- We have then used the midpoint of these bands (for example, £724.50) and multiplied it by the number of responses in each band, taken the total for each type of arrears/lending and divided it by the number of households in arrears. This provided us with the average amount of arrears or savings or debt using the mean, and then we have multiplied this by the number of households experiencing it and scaled up to population level using HBAI household figures.
- For the highest band, we have taken its lower bound – this is a conservative estimate. Further tables can be provided on request.
- Broadly, where there are amounts involved in a question, we have excluded those who ‘don’t know’ the answer in order to calculate the average, and so on.

Where we have discussed households going without essentials in 2023, or experiencing food insecurity in the last 30 days, we have used the following methodology:

If the respondent selected ‘Often’ or ‘Sometimes’ to either of the following questions where at least one household member in the last 30 days has either:

- cut down the size of meals or skipped meals because there was not enough money for food; or
- been hungry but did not have enough money for food.

If a respondent selected ‘Yes’ to at least one household member experiencing any of the following because of lack of adequate resources at any point since November 2022:

- not dressed appropriately for the weather (suitable clothes or shoes),
- not replaced or repaired major electrical goods like a refrigerator, TV, washing machine when broken,
- gone without a shower or a bath,
- gone without basic toiletries like soap, shampoo, toothbrush or sanitary items,
- not been able to keep their home warm,
- not been able to adequately furnish their home,
- not had essential dental treatment done,
- not got prescriptions, pain relief or over the counter medication,
- not made an essential journey,
- has visited a food bank.

Where we have discussed the ethnicity of households:
Where we refer to a household of being of a certain ethnicity, this is based on the ethnicity of the survey respondent. For example, a ‘Black household’ means a household where the survey respondent identifies as Black. There may be adults who identify as other ethnicities within the household, which are not captured.

Where we have discussed the age of households:
Where we refer to the age of household, this is based on the age of the survey respondent. For example, a household aged 18–24 years means a household where the respondent was aged 18–24 years. There may be adults of other ages within the household, which are not captured.

Cost of living payments

Our survey data collection period overlapped with the Government paying out the first tranche of the 2023–24 cost of living payments. Three payments totalling £900 will be paid out in instalments, with the first payment of £301 being paid out between 25 April and 17 May 2023. Our survey data was collected between 3 May and 18 May 2023.

We asked those who were eligible for the £301 government cost of living payment whether they had a) received the payment, b) had not yet received it but were expecting it, or c) had not received and were not expecting it. When we analysed the data we compared those who responded a) or b).

While each of the groups was eligible for the payments (due to being in receipt of means-tested benefits), because of the timing of our data collection for this survey, and the timing of the payments, some demographics are over-represented in each of the two groups of receiving the payment, or not yet having received it but expecting it. Younger respondents filled in this survey earlier than older respondents, and social renters were slower to fill it in than those who owned their homes outright. Those in the second income quintile were slower to fill in the survey than those in the bottom income quintile. As such, raw numbers discussed should be treated with caution. However, when we used a regression analysis to control for age, tenure, ethnicity, gender, occupation and income, we find that the results were still statistically significant. Further tables can be provided on request.

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We are an independent social change organisation, working to support and speed up the transition to a more equitable and just future, free from poverty, where people and planet can flourish.

For us, ending poverty in the UK is a moral cause: to ensure dignity and respect for everyone, and to address exclusion and powerlessness.

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To meet one of our experts to discuss the points raised please contact:
Rachelle Earwaker, Senior Economist
Rachelle.Earwaker@jrf.org.uk