Hoping and coping

How families were faring in March 2023

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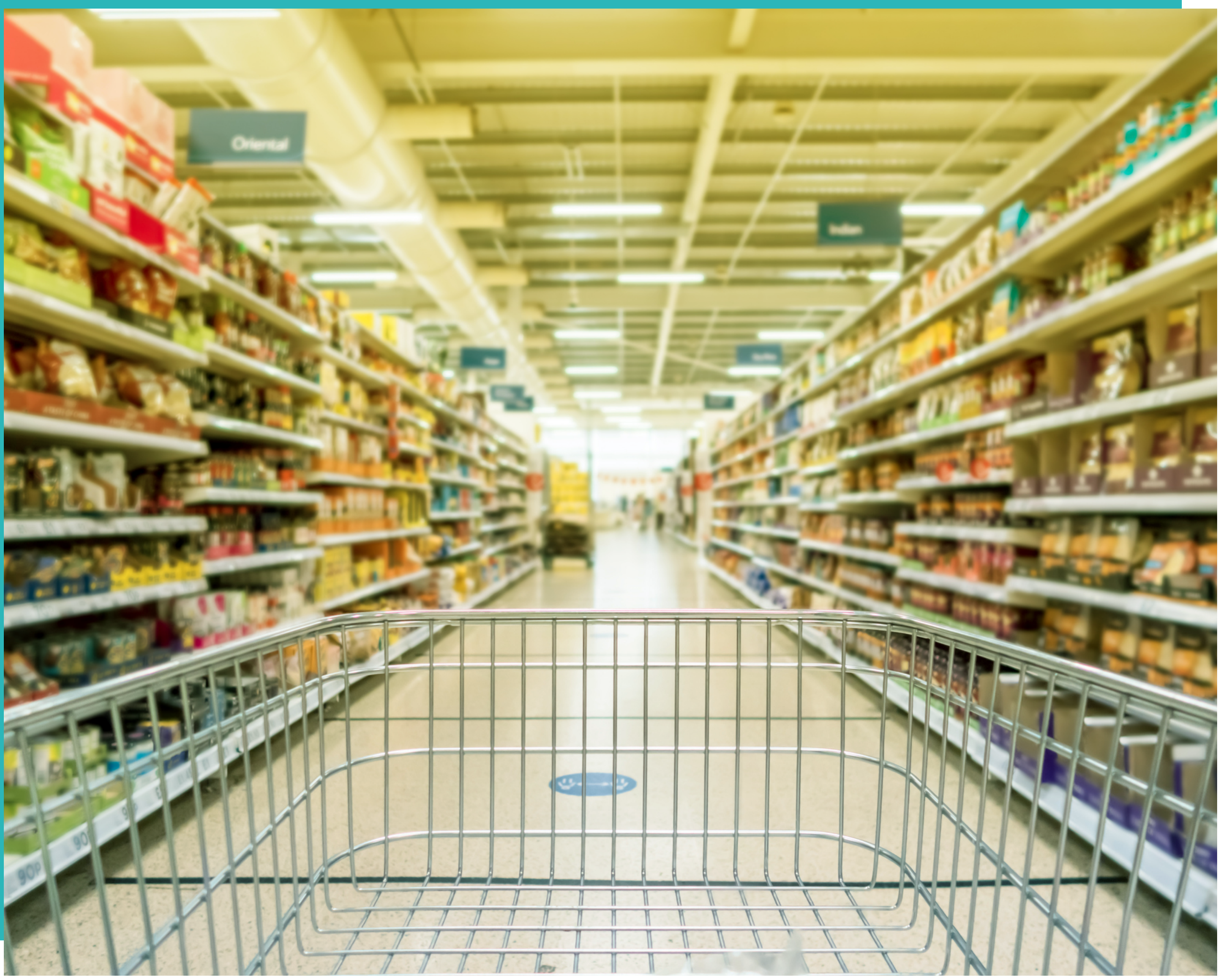
April 2023



Acknowledgements

We thank Torsten Bell, Mike Brewer and Emily Fry for comments on earlier drafts or advice on analysis. All errors remain the authors' own and we are grateful to The Health Foundation for supporting this work. This research uses data from two online surveys conducted by YouGov. Fieldwork for the more recent one was undertaken online during 6-13 March 2023, and the total sample size was 10,122 UK adults aged 18 and over. It also reuses data from a similar survey of 10,470 adults aged 18 and over conducted by YouGov from 23-30 November 2022. All figures have been weighted and are representative of all UK adults. The figures presented from the online surveys have been analysed independently by the Resolution Foundation. The views expressed here are not the views of YouGov.

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Table of contents

Executive Summary

Inflation is set to fall back over the coming months – and household energy bills should actually fall later this year – but families in the UK continue to be in the midst of a cost of living crisis. Prices are still over 10 per cent higher than a year ago, with the cost of food up almost a fifth (19.1 per cent), and families' main sources of income are not keeping up, with pay 4 per cent lower in real terms than at the start of 2022, and not set to recover fully until early 2026.

In response to this crisis, the Government provided £47 billion of support to households in 2022-23 through a series of unprecedented interventions. But households have still had to find ways to cope on their own. To understand what that has entailed, this report, funded by the Health Foundation, examines what action people have taken in the face of rising prices, and shows how the crisis has affected living standards and health. It draws on new data from our second cost of living survey of over 10,000 individuals conducted by YouGov during 6-13 March 2023, comparing that to a similar survey from November 2022.

A key finding is that, although almost everyone has felt the impact of rising prices, there are important differences in the coping mechanisms that people have used, depending on families' income and age. More worryingly, though, there are clear associations between people's experience of the crisis and their mental health, especially among those using the more extreme or unsustainable coping mechanisms.

The vast majority have been affected by higher prices, but the way that people have coped varies

Three-quarters of survey respondents in March 2023 reported cutting back on spending, consistent with behaviour reported in November 2022. This was spread fairly evenly across different groups, but those aged 65 or over, and those in the top income quintile, were the least likely to say they had cut back: 29 per cent of those aged 75 and above said they didn't need to cut back, as did 22 per cent of the richest adults. Cutting back was more common among those on the lowest incomes and middle-aged adults in our survey: 27 per cent of adults in the poorest-income quintile and around three-in-ten adults aged 35-44 (30 per cent) and 45-54 (31 per cent) reported trying to 'cut back a lot', compared to 14 per cent of the richest adults and 14 per cent of adults aged 75 and above.

Reducing energy consumption was the most commonly reported way to cut back (59 per cent of all adults) and was common across all age groups. For those aged 65 and above, cutting back was more likely to be limited to reducing energy consumption, but others have been cutting back in other areas too. For younger adults, that included cutting back on food and on social activities and leisure.

There are, however, those who don't want to cut back or can't cut back any further. In this case we might expect individuals to draw on a broader range of coping mechanisms. Our survey suggests that, in early 2023, about 17 million (33 per cent) adults saved less money, 5 million (10 per cent) received financial help from family or friends, and 1.6 million (3 per cent) accessed a food or warm bank. Poorer households were just as likely to save less money as richer households, but they were five and a half times more likely to use a food or warm bank.

Almost half of adults used their savings to get by this winter, but the young were most likely to fall into debt by falling behind on bills

Savings played a critical role in cushioning the blow of higher energy bills over the winter. Over two-in-five (44 per cent) respondents (equivalent to 23 million adults) reported using savings to get by between December 2022 and March 2023. This use of savings in supporting living standards through the cost of living crisis was widespread across age groups, with between 41 and 48 per cent of people aged 18-74 doing so. However, younger adults were most likely to see their savings fall below £1,000 over the winter. Using savings was relatively less common among those in the top-income quintile, or those aged 75 and above. For these groups, it most likely reflects that they had less need to use savings, rather than a lack of savings to draw on. But using savings is not an option for everyone, with 15 per cent (8 million) of adults reporting that they had no savings at all by March 2023, rising to almost a quarter (23 per cent) in the bottom-income quintile.

The other obvious way to help balance day-to-day expenditure is to take on more debt. Our survey suggests that around 14 million (26 per cent) adults had used formal lending, such as credit cards and overdrafts, to make ends meet in the past three months, slightly more than was the case in November (when a similar survey suggested 23 per cent). The younger middle aged were the most likely to rely on these formal methods of borrowing over the winter (37 per cent of those aged 35-44), while use of this type of borrowing was particularly low among older adults (just 10 per cent of adults aged 75 and above).

Credit cards and overdrafts are not the only form of short-term borrowing, however. One-in-eight (12 per cent) adults missed a priority bill payment in the previous three months (up from 10 per cent in our November survey). This type of borrowing – which is more worrying and less sustainable, as not paying priority debts can have serious consequences – was most prevalent among poorer and younger people, with a fifth of those aged 18-24 reporting falling behind on one or more bills. By contrast, fewer than 1-in-20 adults aged 65 and above report missing a priority bill payment.

These patterns of who had used formal borrowing and who has missed priority bills reflects who has been put under the most pressure, people's underlying financial resilience and their access to formal credit. But the data highlights the crucial role that savings play in allowing individuals to avoid these approaches. 19 per cent of respondents with savings of at least £1,000 stated that they had to use a credit card, overdraft, or borrow money from another formal lender to cover their expenses during the winter of 2022-23, but this rises to 48 per cent for those with savings of £1,000 or less. Likewise, among respondents with savings of £1,000 or less, 14 per cent were behind on two or more bills, in comparison to just 3 per cent of those with savings exceeding £1,000.

Younger adults were most likely to get support from friends and family

Social capital – relationships with families and friends – represents an important asset in life, and many of the adults in our survey asked family and friends for support to manage the impact of rising prices. One-in-ten respondents (10 per cent) asked for more help (both financial and non-financial) than usual from their family and friends in the past 12 months. Younger and poorer groups were especially likely to do so: 17 per cent of 25-34-year-olds and 22 per cent of the lowest-income adults reported asking for help, more so than usual in the previous year. Older adults and those in high-income families were much less likely to ask for help: only 2 per cent of those aged 65 and above and 5 per cent of those in the top-income quintile sought additional support in the past 12 months.

The financial support that friends and family can provide is especially important, and our survey showed it was younger adults that were most likely to be in receipt of it: 25 per cent of 25-34-year-olds received financial help in the past year, compared to only 2 per cent of those aged 65 and above. Family matters more than friends when it comes to money, and relatives provided 87 per cent of the financial support received by adults of all ages. In particular, the 'bank of mum and dad' played a critical role in supporting young people throughout the past year, with 83 per cent of 18-24-year-olds and 67 per cent of 25-34-year-olds (equivalent to 2.6 million 18-34-year-olds) reporting that their parents were the source of their financial help.

But not everyone can expect to receive support from their family. Unsurprisingly, those with more resources are more likely to provide financial help to their adult children: among those who provided financial help to their adult children, 40 per cent had savings of more than £15,000. In essence, whether you are able to get financial support from your parents – and the amount of support that will be provided – is a lottery that depends on who your parents are. The intergenerational transfer of wealth from older to younger generations has been an important way in which some have coped this winter, but for many it simply lies out of reach. Furthermore, informal support networks among low-income adults appear to be under strain with 5 per cent of respondents in the bottom-income quintile reporting that they provided less help over the past year because they were no longer able to.

The crisis means more food insecurity and worsening health

Despite the different means that people have relied on to get by during the past winter – be that cutting back, drawing down savings, or relying on friends and family – for many adults, it has not been enough to prevent significant hardship. Overall, one-in-seven (16 per cent or 1.7 million) adults in the bottom-income quintile ate less or skipped meals for seven or more days in the last month, twice as much as the population as a whole (8 per cent). A fifth of our survey respondents reported being in food insecurity, broadly the same level as in November 2022, but around three-times higher than in 2019-20.

This concerning extent of food insecurity is not the only effect of the crisis, however. Adults in our survey reported a direct effect of the crisis on their health, with 30 per cent of adults (equivalent to 16 million) reporting a decline in their health due to the higher cost of living. This effect was, unsurprisingly, more common among the poorest adults (35 per cent of those in the bottom-income quintile) and adults aged 25-34 (40 per cent, or 3.6 million). Similarly, over 40 per cent of adults are showing signs of poor mental health and emotional distress, but this is more pronounced among younger people: over half (52 per cent) of 25-34-year-olds reporting that they were in emotional distress in March 2023.

Our survey also shows a particularly strong association between worsening mental health and some of the coping measures adults used to get by: 14 per cent of respondents reported feeling unhappy or depressed much more than usual between December 2022 and March 2023, but this increases to 19 per cent among those who had used their savings during the crisis, and 29 per cent among those that had fallen into bill arrears. There are also clear associations between not having enough to get by and poor mental health: among those who are experiencing severe food insecurity, 45 per cent of adults felt much more unhappy or depressed than usual.

The cost of living crisis is far from over

Our survey demonstrates that people had a tough time over the winter – almost half (46 per cent) of UK adults reported that their financial situation was worse in March 2023 than it had been at the end of 2022. The results of our survey clearly show how people's experience of this crisis – like all crises – has been shaped by the position the UK found itself in immediately before. Existing high levels of income inequality, and the relative weak financial position of younger cohorts compared with older generations, have shaped the responses of different groups to this shared crisis. Older and richer households have been least affected. Middle-aged people were most likely to be running up formal debts, while young people turned to friends and family, and poorer people were resorting to more extreme measures like skipping bills, eating less and visiting food banks.

The bad news is that this is unlikely to ease anytime soon. While there is a perception that the worst of the crisis is now behind us, as wholesale energy markets calm and inflation falls through the rest of 2023, thinking in this way would be mistake. Energy bills are set to remain at twice their pre-crisis level for the rest of this year at least, government support is being scaled back, and the legacy of consistently high inflation is a permanent increase in the cost of living. The challenges of higher prices – and the impact they have on living standards – are going to be with us

for the year ahead too.

Section 1

Introduction

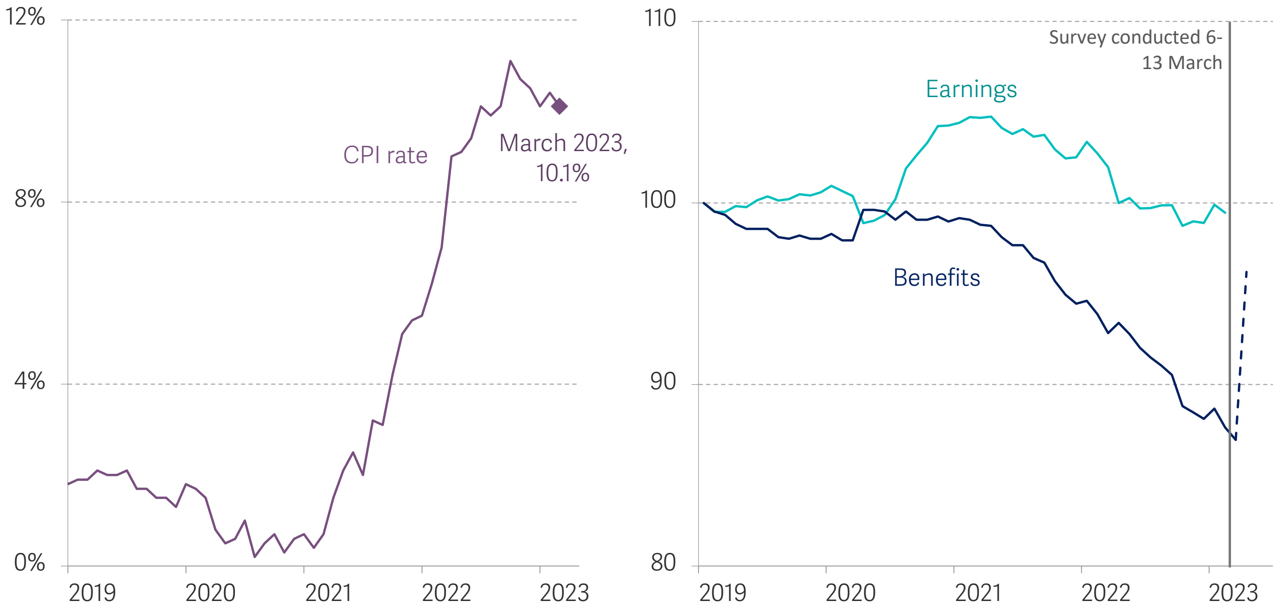
Inflation may have peaked in late 2022, but prices were still rising rapidly through the winter, and families were feeling a continued squeeze

Despite the Government setting a target of halving inflation (from highs of 11.1 per cent last October) by the end of the year, and with household energy bills set to fall, the cost of living crisis is far from over. Double-digit inflation was still with us in March 2023, with the headline rate of CPI inflation standing at 10.1 per cent (see Figure 1). A key element of this high inflation was continued large increases in food prices, a category of spending for which prices have increased by nearly a fifth (19.1 per cent) in the year to March, the highest rate in over 45 years.[1] The duration of the cost of living crisis means that prices, as measured by the CPI, are now 15 per cent higher than they were in September 2021, a much greater rise than most people have seen in their income. The right-hand panel of Figure 1 shows the indexed real value of Average Weekly Earnings and benefits. Earnings in February were 4 per cent lower in real terms than they were in September 2021, despite strong nominal pay growth, which was 9 per cent over the same period.[2] And the real value of most benefits in March 2023 was about 8 per cent lower than January 2022, driven by an uprating system that lags behind the path of inflation (although they did rise by 10.1 per cent in nominal terms in April 2023).

1 ONS, Consumer price inflation, UK: March 2023.
2 G Thwaites, Fewer students, more ill health: the wrong kind of labour-market participation, Resolution Foundation, 18 April 2023.

FIGURE 1: **Surging inflation has led to falling value of earnings and benefits**

CPI inflation rate (left chart); Average Weekly Earnings (regular pay) and benefits in real-terms (100 = January 2019) (right chart): UK



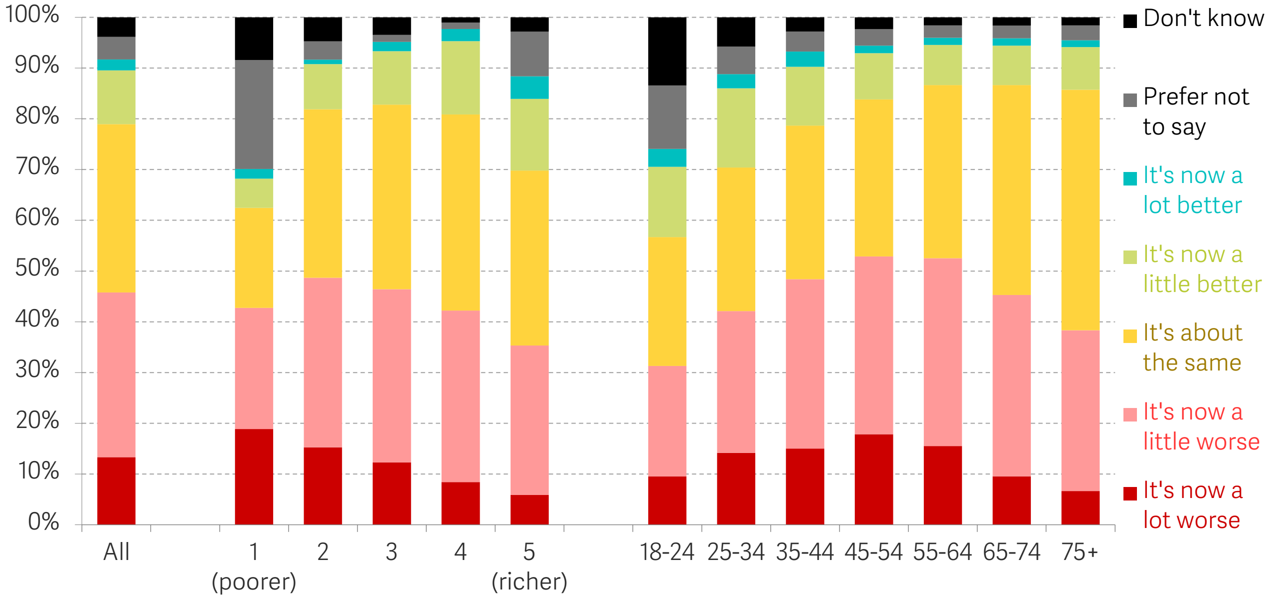
NOTES: Earnings and benefits deflated using CPI. £20 a week uplift to Universal Credit and Working Tax Credit from April 2020 to October 2021 not shown in benefit data. Benefits datapoint shown for April 2023 based on OBR CPI forecast.
SOURCE: RF analysis of ONS, Consumer Price Inflation; ONS, Labour Market Statistics; DWP, Abstract of Benefit Statistics.

To assess how households were managing as the winter came to an end, we commissioned a YouGov survey of over 10,000 adults aged 18 and above in March 2023. This follows on from a similar survey taken towards the end of last year.[3] The headline results from our survey confirm that, as far as families are concerned, the cost of living crisis is most certainly not over. Almost half (46 per cent) of respondents said that that their financial situation in March 2023 is worse than in December 2022, and 12 per cent said it had become a lot worse (Figure 2). One-in-six were not confident about their financial situation over the subsequent three months (see Figure 3), a similar proportion to the situation in November 2022, and there has been a slight fall in the proportion of respondents who are confident about their finances in general (53 per cent in March 2023 compared to 58 per cent in November 2022). This comes about despite extraordinary fiscal support in 2022-23, with the Government spending £47 billion supporting households with higher costs, offsetting around three-quarters of the rise in energy bills since 2021. Although some of this support had been paid earlier in the year, households in Great Britain in March 2023 were benefitting from the EPG, which was holding the annual bill for a typical household at £2,500, rather than the £4,300 it would have been without this intervention, as well as an additional £66 a month off energy bills.

3 M Brewer, E Fry & L Try, The Living Standards Outlook 2023, Resolution Foundation, January 2023.

FIGURE 2: **Almost half of people report being worse off than December 2022**

Percentage of respondents by change in financial situation since December 2022, by age group and equivalised income quintile: UK, 6-13 March 2023

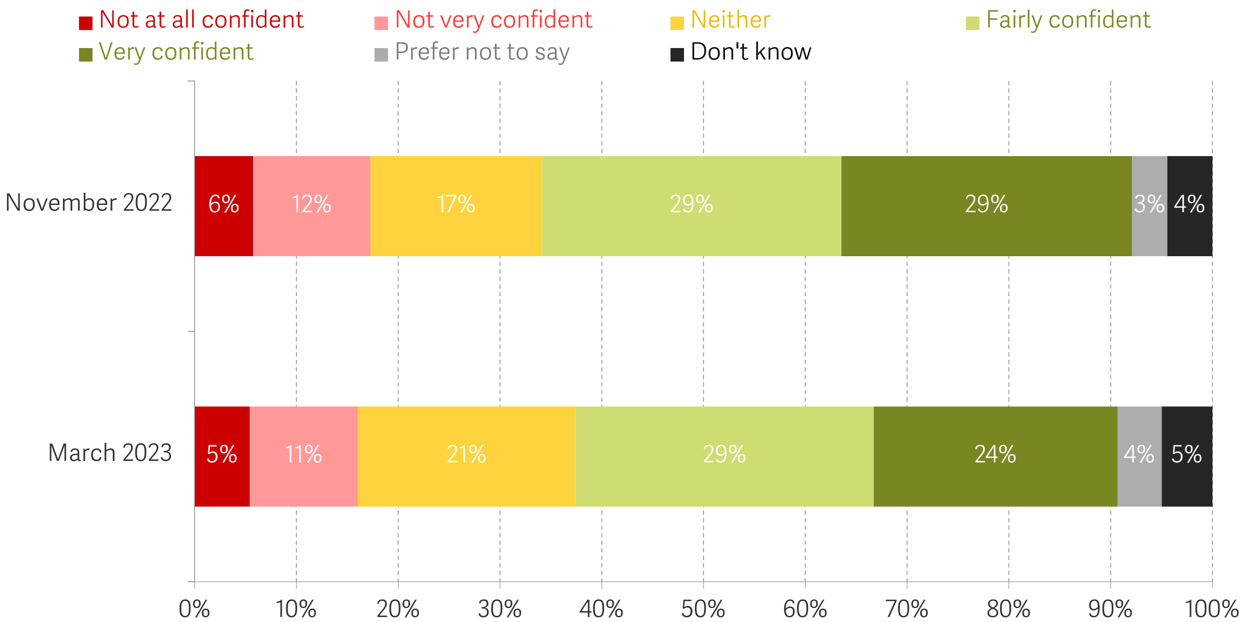


NOTES: All respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).

SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

FIGURE 3: **Despite the prospect of falling inflation, confidence about finances has worsened slightly since November 2022**

Percentage of respondents reporting confidence about their financial situation in the next three months: UK, 23-30 November 2022 and 6-13 March 2023



NOTES: November 2022 survey respondents (n= 10470), March 2023 survey (n= 10122).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

This report provides an assessment of how families responded to the cost of living crisis and what impacts higher prices were having on their living standards, wellbeing and health. But we keep a common focus on how responses to, and the impact of, the cost of living crisis varies by family income and age (see Box 1 in the next section for a detailed description of how we analyse our survey respondents' incomes). For example, Figure 2 shows how the experience of the winter varies by age and income. People on low incomes were the most likely to say that their financial situation has become a lot worse (and over three times more likely to say that their financial situation is a lot worse than people in the highest income quintile). This is unsurprising, given both their relative lack of financial resilience, and the fact that the rise in prices has been skewed towards goods and services that make up a greater part of the budgets of low-income households than high-income households.[4] When we look at differences by age, the most likely to say that their financial situation had deteriorated were those in late working-age (i.e. aged between 45 and 64), where just over half (53 per cent) reported that their financial situation had deteriorated, more than younger adults and those aged over 65.[5] Differences like these will reoccur throughout the report.

The rest of this report is set as follows:

- Section 2 shows how much people have cut back on their spending, and what types of spending they have cut back on.
- Section 3 covers how people have used their savings and debt to make ends meet.
- Section 4 presents the extent to which people have provided or received support during the crisis from their family or social networks.
- Section 5 covers the effect of the cost of living crisis on deprivation and health outcomes.
- Section 6 concludes.

4 Previous research shows that low-income families are far more vulnerable to the cost of living crisis due to the absence of a savings buffer: the lowest income tenth of families were four times more likely to have no savings than the richest tenth. See: M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022. In addition, we estimate that the effective inflation rate for the poorest tenth of households was roughly 3.5 percentage points higher than for the richest tenth of households in March (source: https://www.resolutionfoundation.org/press-releases/food-prices-rising-by-nearly-a-fifth-delays-britains-exit-from-double-digit-inflation/, accessed 24 April 2023).

5 Pensioner households have benefitted slightly more, on average, than working-age households from the various cost of living interventions in 2022-23. Excluding the EPG, we estimate that pensioner households received £1,000 of support on average in 2022-23, compared to £800 for working-age households (this includes the 'cost-of-living payments', the £400 energy bill discount, the £150 Council Tax rebate, and the £1 billion Household Support Fund. The calculation assumes that support is received in line with benefit caseloads by age or proportionally for non-benefit contingent support).

Section 2

A broad selection of approaches and coping mechanisms has helped people get by

The majority of adults (75 per cent) have responded to the rising cost of living by cutting back on their consumption. These cuts were most common among reducing energy use, and buying less, or a cheaper brand of, food. And around a third of adults also cut back on travel. Cutting back was a consistent reaction to higher prices across the age and income distribution – although the middle-aged and the poorest households were twice as likely to say they had cut back a lot compared to adults aged 65 and above and the richest households.

However, some families will have found that cutting back was not enough to cope with the 15 per cent rise in prices since September 2021. Others will have chosen to rely on other resources to avoid or limit reduced consumption. For example, one third of adults saved less money, 10 per cent received financial help from family or friends, and 3 per cent accessed a food or warm bank. Poorer households were just as likely to save less money as richer households, but they were five and a half times more likely to use a food or warm bank.

Cutting back on consumption was the most popular method of coping with the rise in the cost of living

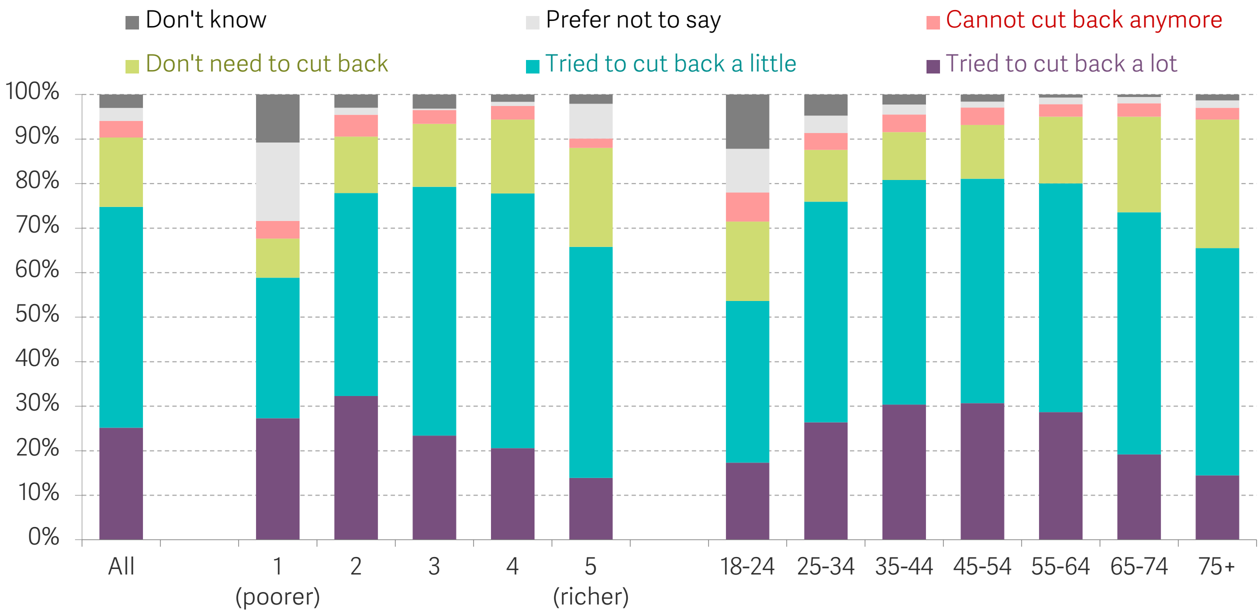
In the face of the cost of living crisis, three-quarters (75 per cent) of all adults responded by cutting back on their spending – as Figure 4 shows.[6] In particular, 30 per cent of those aged 35-44 and 31 per cent of those aged 45-54 reported trying to cut back a lot – more than any other age group, and more than twice the rate for adults aged 75 and above (14 per cent). In addition, three-in-ten (27 per cent) of those in the poorest income quintile reported cutting back a lot, almost twice the proportion of higher income individuals (14 per cent). In comparison, those aged 65 or over and those in the highest income quintile

6 The proportion of adults cutting back in March is slightly lower than it was in our November survey (where 79 per cent said that they had tried to cut back on spending between September and November 2022). See: M Brewer, E Fry & L Try, The Living Standards Outlook 2023, Resolution Foundation, January 2023.

were the most likely to say they didn't need to cut back: 29 per cent of those aged 75 and above said they didn't need to, as did 22 per cent of the richest adults. The cost of living crisis has made an impression on everyone, but it is those on low incomes and the middle-aged who have been most affected.

FIGURE 4: **Three-quarters of adults were trying to cut back**

Percentage of respondents reporting trying to cut back on spending between December 2022 and March 2023, by age group and equivalised income quintile: UK, 6-13 March 2023



NOTES: All respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

BOX 1: **Details of the analysis of the survey results**

This report focuses on differences between adults in different age groups and according to their family income. There are two points worth noting, however.

First, answers to a question on family income were provided to us for only a subset of the population (5,572 of 10,122 respondents). This is due to an error which meant that survey respondents were not asked the question in the first instance, but instead were re-contacted at a later date. As a consequence, we have reweighted any analysis that uses income quintiles to try to adjust for any non-response bias (we were able to control for benefit receipt, housing tenure, savings, debt, and a number of the other questions we have analysed in this report). These income responses were then used to categorise respondents into income quintiles using the same method as with our analysis of the November survey.[7]

Second, we included a question in this survey on whether respondents play an active role in making household financial decisions or managing household finances. 89 per cent of all 10,122 respondents said they did, although this falls to 53 per cent of those aged 18-24 and 86 per cent for those aged 25-24, as well as 83 per cent for adults in the lowest income quintile. This helps explain why a larger proportion of respondents in these income and age groups report "don't know" to questions related to finances. We have, however, kept these respondents in our analysis, as they are still affected by the cost of living crisis.

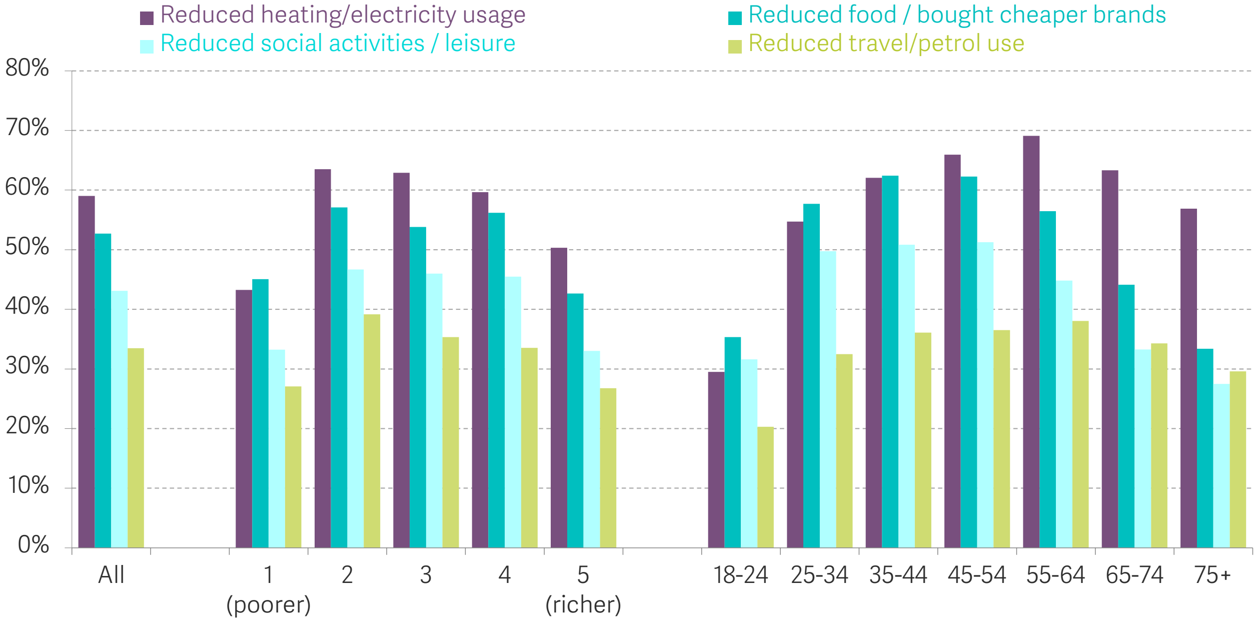
But the experience of cutting back was not equal for everyone. Across different age groups, individuals cut back on different areas of spending, as shown by Figure 5. Cutting back on energy use (the most popular area of cutting back, with 59 per cent of all adults reporting that they did this) was broadly similar across age groups, affecting between 55 and 70 per cent of every age group except for those aged 18-24. The next most common consumption area for cutting back was on food (53 per cent of all adults), but here middle-aged adults (aged 35-54) were almost twice as likely to cut back compared to those aged 75 and above. Adults in the lowest income quintile were seemingly least likely to cut back on different spending areas, although as in Figure 4, this is primarily because of the high number of non-responses to this question as discussed in Box 1.

These different profiles of cutting back across different age group mean different areas of cutting back were most prominent within different age groups. Specifically, those aged 65 and above were around half as likely to cut back on social activities compared to cutting back on energy use, whereas those aged 25-34 were just as likely. Adults with the lowest household incomes (in the bottom quintile of the income distribution) were most likely to cut back on food (45 per cent) and energy (43 per cent) compared to other spending areas.

7 For details, see Box 1 in: M Brewer, E Fry & L Try, The Living Standards Outlook 2023, Resolution Foundation, January 2023.

FIGURE 5: **Cutting back on different spending items varied by age**

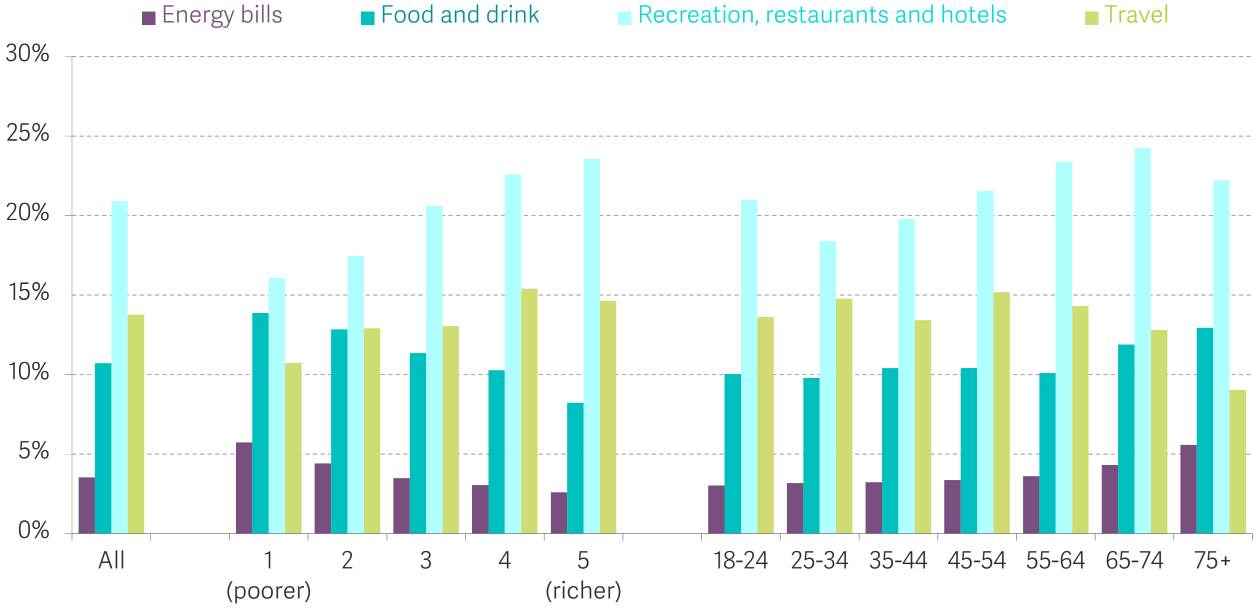
Percentage of respondents that cut back on different items between December 2022 and March 2023, by age group and equivalised income quintile: UK, 6-13 March 2023



NOTES: All respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

FIGURE 6: **Choices on cutting back partly reflect existing spending patterns**

Average household expenditure as a share of total expenditure for selected categories, by age group and equivalised income quintile: UK, 2019-20



NOTES: Household incomes after housing costs.
SOURCE: ONS, Living Costs and Food Survey 2019-20.

These different patterns of cutting back represent a complex interaction of different preferences, needs, and baseline spending patterns. For the latter of these, we can examine spending patterns before the cost of living crisis. Figure 6 shows that, although the share of household spending on energy bills, food and drink, recreation (including restaurants and hotels) and travel are broadly similar by across age groups there are a few important differences. First, people aged 65 and above (and especially people aged 75 and above) spend less on travel (9 per cent for those aged 75 and above compared to 13 per cent for the population). Second, older adults spend a slightly greater share of their consumption on recreation (those aged 65-74 spend 24 per cent of their budget on this, compared to 21 per cent for the population as a whole). Third, pensioners spend a greater share on energy – 6 per cent for those aged 75 and over compared to 4 per cent for the population (although this reflects in part that on average pensioners overall spending is significantly lower that other age groups).

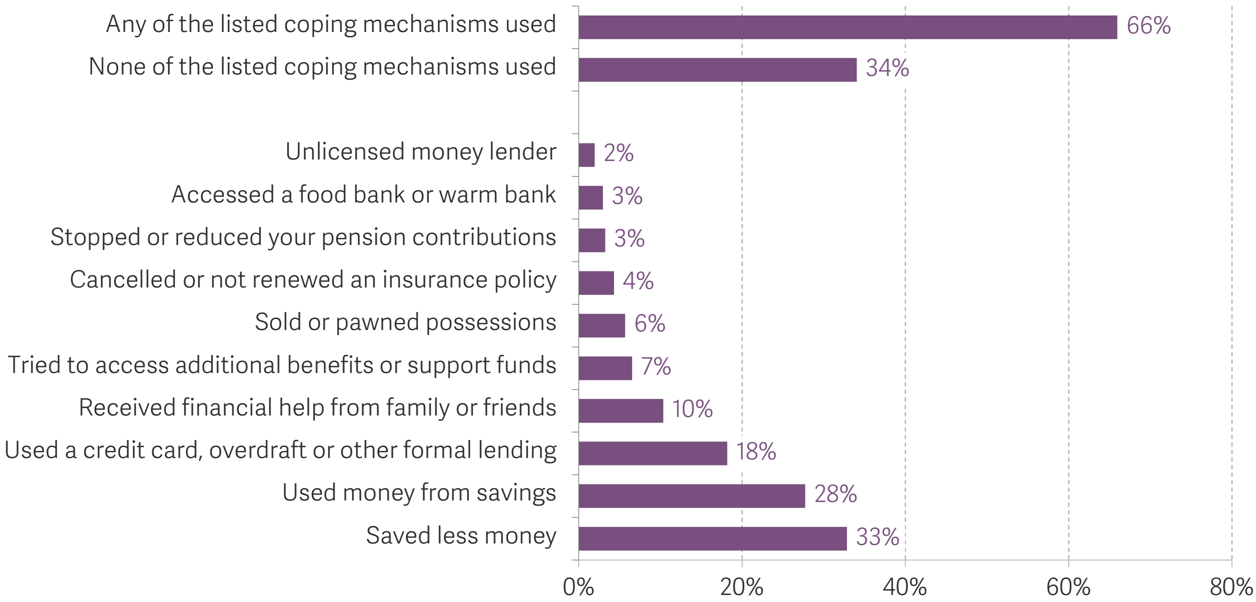
Our analysis of spending data can only tell us so much, however. The ability – and desire – of adults to cut back on any given spending item depends on their preferences, needs, and their household income. A pensioner may spend more time at home than other adults, and therefore be more reticent to cut back on energy use, or a high-income family that spends a significant amount on leisure may prefer to cut back on this spending area compared to low-income family that judiciously protects funds for a monthly treat.

Two-in-three people relied on methods other than cutting back on spending to help make ends meet

Cutting back on consumption was the most widespread response to rising prices. But, some families will have found that it is not possible to cut back by enough to absorb the 15 per cent rise in prices since September 2021. Others may have chosen to tap into other resources to lessen the need to cut back. Which other coping mechanisms people used is shown in Figure 7 scaling up these responses to the whole population suggests that 17 million (33 per cent) adults saved less money, 5 million (10 per cent) received financial help from family or friends, and 1.6 million (3 per cent) accessed a food or warm bank.

FIGURE 7: **Saving less money was the most popular coping mechanism between December and March**

Percentage of respondents who have done any of the following to make ends meet in the last four weeks: UK, 6-13 March 2023



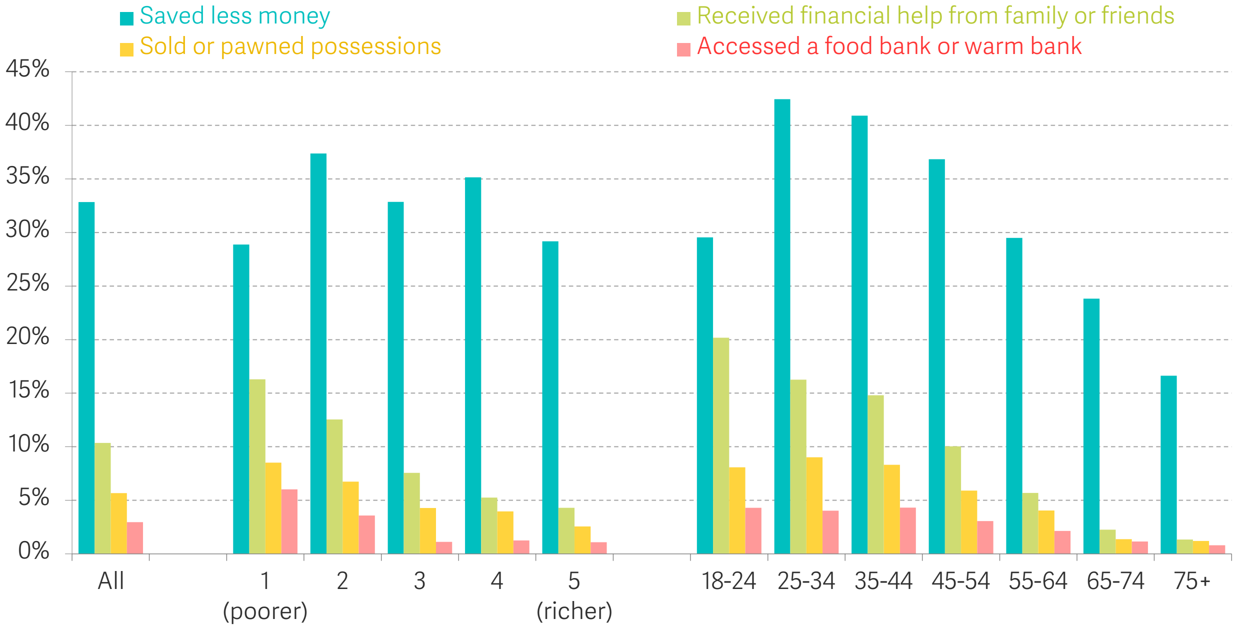
NOTES: All respondents (n= 10122).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Figure 8 takes a closer look at the use of four of these methods across the age and income distribution: saving less money, receiving financial help from family or friends, selling possessions, and accessing a food or warm bank.[8] Although low-income adults were just as likely as those in higher-income families to have saved less money, they were three times more likely to have sold their possessions, four times more likely to have received financial help from family and friends, and five and a half times more likely to use a food bank.[9] This shows that the way in which negative effects of the cost of living crisis are experienced is strongly conditional on personal financial characteristics, and low-income adults are more likely to have to resort to more drastic coping mechanisms when faced with rising prices. It is also notable from Figure 8 that older adults aged 65 and above were far less likely to rely on any of the coping mechanisms (this is also true of the other mechanisms mentioned in Figure 7).

8 Recent research shows that warm banks were used by more than 500,000 people across the UK during this past winter: https://www.theguardian.com/society/2023/apr/26/warm-rooms-winter-loneliness (accessed 26 April 2023).
9 These differences persist even when we account for the fact that low-income adults are three-times more likely to say they were financially a lot worse-off over the previous three months: among adults who reported being financially worse-off, low-income adults are still as likely to save less money as high-income adults, and are ten times more likely to use a food bank.

FIGURE 8: **Last-resort coping mechanisms are most prevalent among the young and the poor**

Percentage of respondents who have used various strategies to make ends meet in the last four weeks, by age group and equivalised income quintile: UK, 6-13 March 2023



NOTES: All respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

In the following sections of this report we explore the experiences of our survey respondents in more detail. We start with savings and debts in Section 3, then discuss support from family and friends in Section 4, before examining the outcomes of the crisis – focusing on people's experience of food insecurity and the effect on their health in Section 5. (We do not examine the other coping mechanisms in any further detail).

Section 3

Using savings and debt

From December 2022 to March 2023, 44 per cent of respondents reported using their savings to make ends meet. Younger and middle-aged respondents were the most likely to have used their savings, while those aged 75 and above were the least likely, despite having the largest savings buffers. Among those who did dip in to their savings, younger and middle-aged respondents saw the biggest drops: 18 per cent of 35-44-year-olds who used their savings saw their savings fall by over 50 per cent, compared to 10 per cent of those aged 65-74 and 7 per cent of those aged 75 and above.

An alternative to running down savings is to use credit or build up debt. Between December 2022 and March 2023, over a third (37 per cent) of 35-44-year-olds used debt to make ends meet. This aligns with the general pattern of who is more likely to hold this type of debt initially. Young people were instead more likely to fall behind on priority bills, with 20 per cent of 18-24-year-olds behind on at least one bill between December 2022 and March 2023. Similarly, those with the lowest incomes – 23 per cent of whom reported that they had no savings – were also more likely to have fallen behind on bills between December 2022 and March 2023.

Our survey also highlights the key protective role played by savings: 19 per cent of those with savings of more than £1,000 stated that they had to use a credit card, overdraft, or borrow money from another formal lender to make ends meet over the winter, but this number rose to 48 per cent for those with savings of £1,000 or below. Having a large savings buffer prevents individuals from resorting to more concerning coping mechanisms.

There was widespread use of savings to make ends meet this winter

Drawing from savings or taking on short-term credit are reasonable ways to deal with fluctuations in financial fortunes. People with substantial savings can utilise them to pay for unexpected expenses, while short-term credit can help in maintaining consumption levels during periods of financial difficulty. It is, therefore, no surprise that many respondents resorted to these strategies during the winter of 2022-23. According to our survey, from December 2022 to March 2023, 44 per cent of respondents – corresponding to over 23 million adults – reported using their savings to make ends meet (see Figure 9). But this wasn't a coping mechanism available to everyone, with 15 per cent of those surveyed – or 8 million adults – reporting having no savings to fall back on.

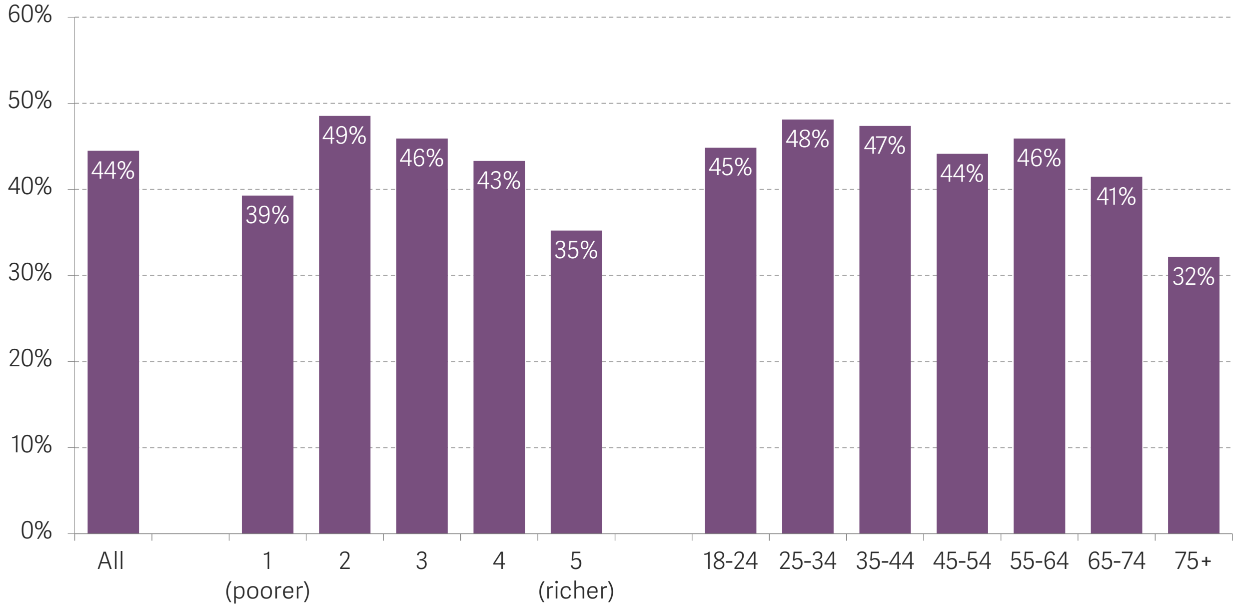
Figure 9 reveals that younger and middle-aged individuals were the most likely to use their savings to make ends meet during the winter months. Specifically, 48 per cent of 25-34-year-olds and 47 per cent of 35-44-year-olds reported using their savings. Interestingly, older age groups, who typically have more savings, were the least likely to rely on their financial assets to make ends meet over the same period. While almost two-fifths (38 per cent) of those aged 75 and above had savings of over £15,000 (more than twice the proportion of those aged 25-44), less than a third (32 per cent) reported using their savings to make ends meet. Furthermore, individuals aged 75 and above were the only group to become less likely to use their savings between our November 2022 survey and March 2023 survey (from 37 per cent to 32 per cent); those aged 64 and below were marginally more likely to have used their savings in during the same period.

Figure 9 also shows the proportion of respondents using their savings to make ends meet by equivalised income quintile. In general, lower-income adults were more likely to say that that dipped into their savings, except in the bottom income quintile, where only 39 per cent reported using their savings. This is likely to reflect that a much higher percentage of people in the bottom income quintile reported having no savings (23 per cent) than the average across all respondents (15 per cent).[10]

10 Care should be taken when interpreting the proportion of those in the bottom income quintile that used savings to make ends meet because of the higher percentage of 'don't know' and 'prefer not to say' responses in this group – 7 per cent and 19 per cent respectively. This is in contrast to 3 per cent of all respondents responding 'prefer not to say' and 2 per cent responding 'don't know'.

FIGURE 9: **Lots of people have used their savings to make ends meet**

Percentage of respondents reporting that they used money from savings to help make ends meet between December 2022 and March 2023, by age group and equivalised income quintile: UK, 6-13 March 2023

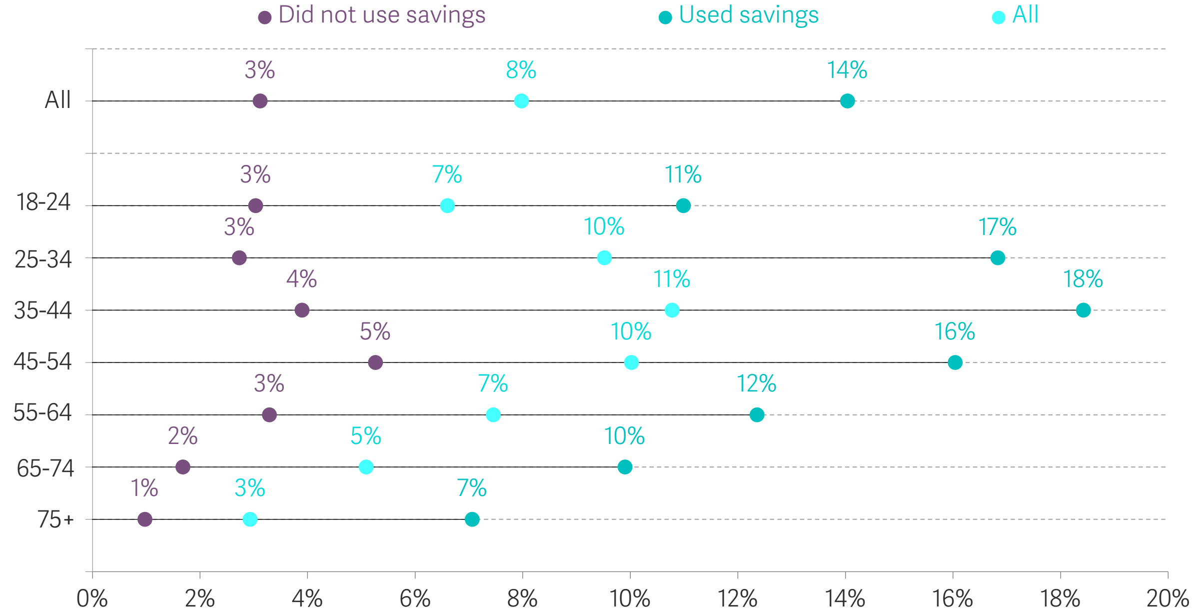


NOTES: All respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Among people who relied on their savings to get by from December 2022 to March 14 per cent saw their savings deplete by half, compared to only 3 per cent of those who did not use explicitly use their savings in this way. Figure 10 shows that middle-aged respondents experienced more significant drops in their savings, with 18 per cent of 35-44-year-olds who used their savings to help with cost of living pressures seeing their savings fall by over 50 per cent. Adults aged 65 and above were the least likely to see substantial falls in their savings.

FIGURE 10: **Middle-aged people have seen the largest falls in their savings pots**

Percentage of respondents reporting that their savings fell by more than 50 per cent between December 2022 and March 2023, by age group and whether they used money from savings to help make ends meet: UK, 6-13 March 2023



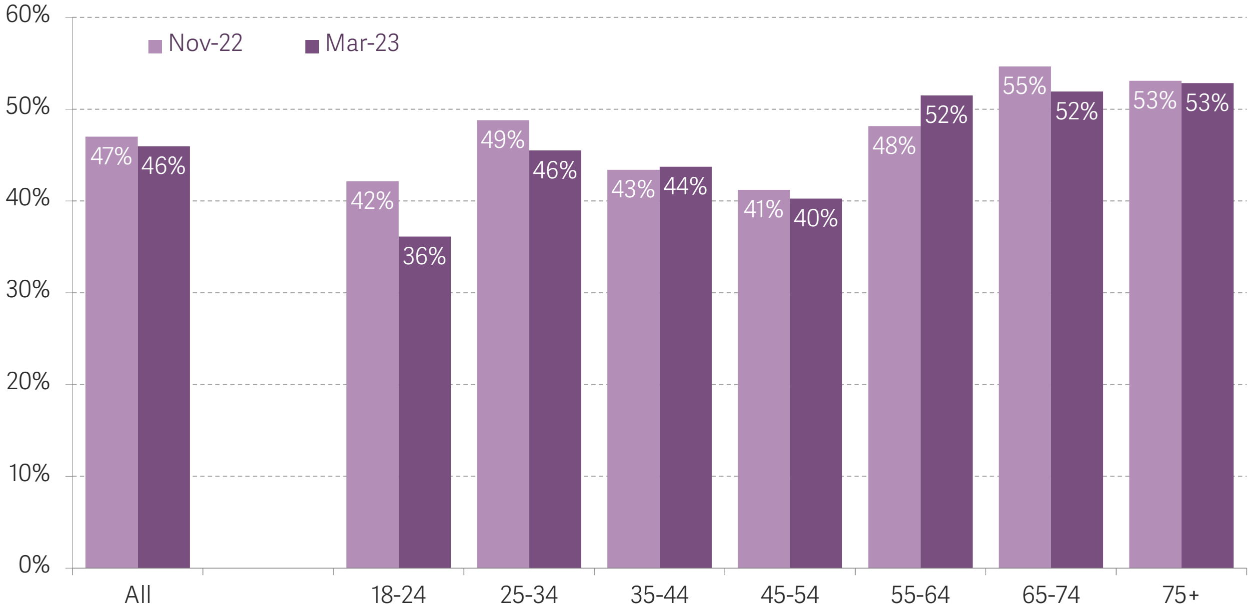
NOTES: All respondents (n=10122), 18-24 (n=1053), 25-34 (n=1487), 35-44 (n=1921), 45-54 (n=1441), 55-64 (n=1636), 65-74 (n=1831), 75+ (n=753).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Having a substantial savings buffer prevents people from turning to more worrying coping mechanisms

Although middle-aged respondents experienced more significant drops in their savings, young people were the most likely to have seen their savings fall to low levels. Figure 11 shows that the proportion of respondents aged 18-24 with savings of more than £1,000 fell over the winter months: 42 per cent of 18-24-year-olds reported having savings over £1,000 in November 2022, compared to 36 per cent in March 2023.

FIGURE 11: **Young people have seen more substantial falls in their savings pots**

Percentage of respondents reporting that they have more than £1,000 in savings, by age group: UK, 23-30 November 2022 and 6-13 March 2023



NOTES: November survey: all respondents (n=6930), 18-24 (n=525), 25-34 (n=884), 35-44 (n=1114), 45-54 (n=944), 55-64 (n=1225), 65-74 (n=1597), 75+ (n=641), March survey: all respondents (n=10122), 18-24 (n=1053), 25-34 (n=1487), 35-44 (n=1921), 45-54 (n=1441), 55-64 (n=1636), 65-74 (n=1831), 75+ (n=753).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Having sufficient savings is crucial because it prevents individuals from resorting to more concerning coping mechanisms, such as accumulating debt or falling behind on bills (which we discuss more in the next sub-section). For example, during the winter of 2022-23, 19 per cent of those with savings of more than £1,000 stated that they had to use a credit card or overdraft, or borrow money from another formal lender to cover their expenses. However, this number rose to 48 per cent for those with savings £1,000 or below.[11] Likewise, respondents with smaller savings pots were also more likely to fall behind on their priority bills.[12] Among those with savings of £1,000 or less, 14 per cent were behind on two or more bills, in comparison to just 3 per cent of those with savings exceeding £1,000.[13]

11 This pattern persisted after controlling for personal characteristics and income levels: there remained a 27 percentage point difference between the proportion of respondents that had to rely on credit cards, overdrafts, or other formal lenders by whether they had savings of £1,000 or less or whether they had savings exceeding £1,000.
12 Our definition of priority bills includes: electricity, gas, water, Council Tax, TV Licence, child maintenance, Income Tax, National Insurance or VAT, any loan secured against your home, rent, and court fines.
13 This pattern persisted after controlling for personal characteristics and income levels: there remained a 6 percentage point difference between the proportion of respondents were behind on two or more bills by whether they had savings of £1,000 or less or whether they had savings exceeding £1,000.

FIGURE 12: **Those with fewer savings are more likely to turn to more worrying coping strategies**

Percentage of respondents reporting that they took on debt or missed a bill, by savings thresholds: UK, 6-13 March 2023

NOTES: Savings below £1,000 (n=2694), savings above £1,000 (n=4685).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

The young and middle-aged were more likely to take on debt or fall behind on bills over the winter

In addition to using savings, around 26 per cent of respondents, corresponding to 14 million adults, reported using credit cards, overdrafts, or other formal lenders to make ends meet over the winter (see Figure 13).

As well as being the most likely to have used their savings to make ends meet during winter, younger and middle-aged groups were also more likely to have relied on credit cards, overdrafts, or other formal lenders to manage their finances. Between December 2022 and March 2023, for example, over a third (37 per cent) of 35-44-year-olds used credit cards, overdrafts, or borrowed money, compared to only 14 per cent of 65-74-year-olds and 10 per cent of those aged 75 and above. This pattern matches the general pattern of who is more likely to use this type of debt in more normal times. Data from the 2018-20 Wealth and Assets Survey reveal that, on average, individuals aged 35-44 held the most of this form of debt in pound terms.[14] This likely reflects the fact that the adults aged under 25 are often credit constrained, and older age groups are typically more reluctant to take on debt.[15]

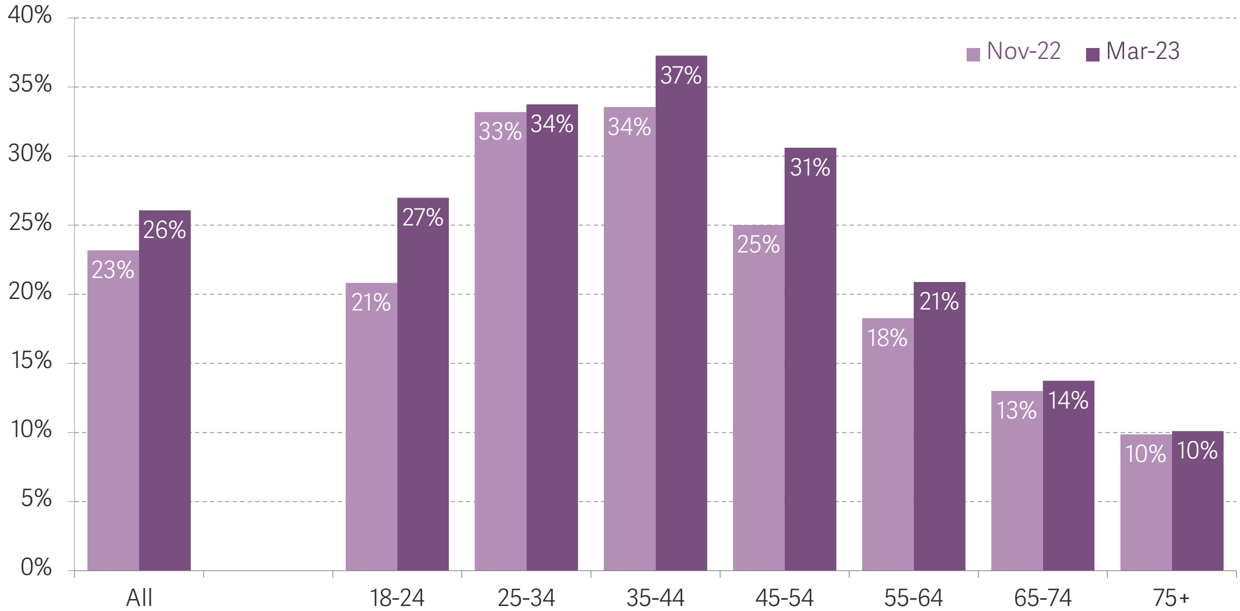
14 35-39-year-olds had around £2,000 in credit/store card debt, formal loans and overdrafts and 40-44-year-olds had around £2,100. This compares to around £700 held by those aged 65-69 and £400 by those aged 75-79. Source: RF analysis, ONS, Wealth and Assets Survey: Round 7 2018-20.

15 Age UK, Problem Debt Among Older People: Age UK's summary of research by the International Longevity Centre – UK, June 2013.

Compared to the November 2022 survey, all age groups were more likely to report using credit cards, overdrafts, or borrowed money to manage their finances. Still, the greatest increase was observed among 45-54-year-olds, with 31 per cent of them using debt to make ends meet between December 2022 and March 2023, up from 25 per cent between August 2022 and November 2022.

FIGURE 13: **More younger and middle-aged adults were taking on debt over the winter**

Percentage of respondents reporting that they used a credit card, overdraft or borrowed money from other formal lenders to make ends meet between August 2022 and November 2022 and December 2022 and March 2023, by age group: UK, 23-30 November 2022 and 6-13 March 2023



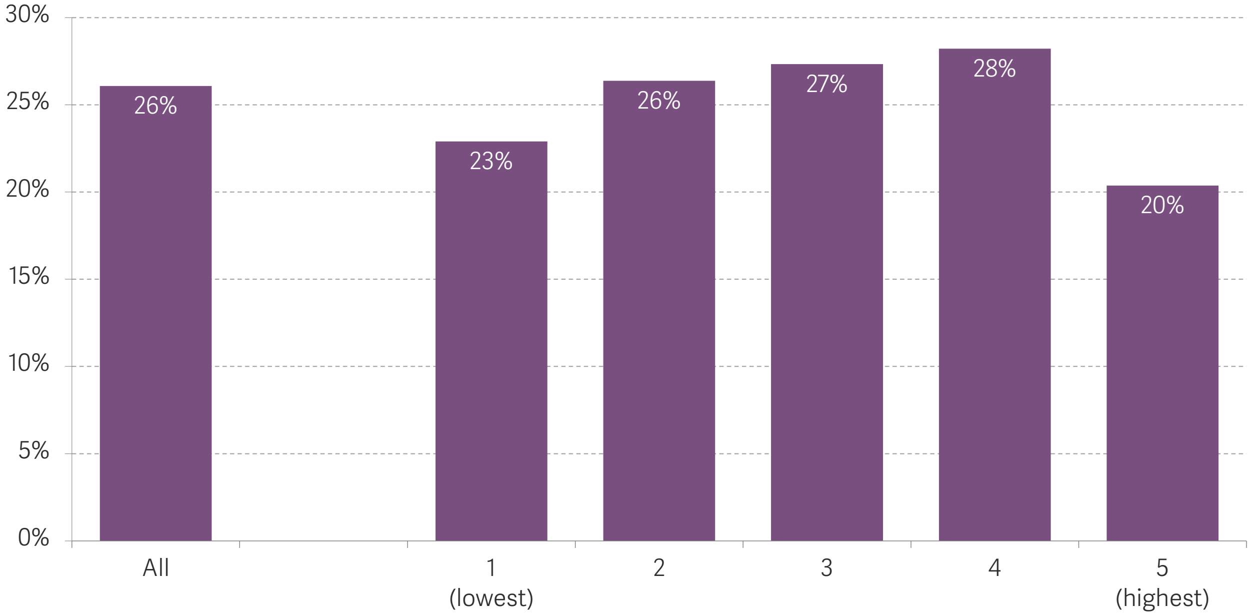
NOTES: November survey: all respondents (n= 10470), 18-24 (n= 865), 25-34 (n= 1480), 35-44 (n= 1999), 45-54 (n= 1625), 55-64 (n= 1750), 65-74 (n= 1976), 75+ (n=775). March survey: all respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

The income gradient on those taking on more debt (shown in Figure 14) is less distinct. Those in the highest income quintile were the least likely to have used a credit card, overdraft or formal lender to make ends meet between December 2022 and March 2023 (20 per cent). A similar proportion (23 per cent) of the poorest respondents reported using debt to cope over the winter. However, as with younger age groups, this is likely reflecting the fact that people in the bottom-income quintile find it more difficult to access short-term credit and are therefore more credit constrained.[16]

16 M Broome & J Leslie, Arrears fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022.

FIGURE 14: **Adults in lower-income families are more credit constrained than those with higher incomes**

Percentage of respondents reporting that they used a credit card, overdraft or borrowed money from other formal lenders to make ends meet between December 2022 and March 2023, by equivalised income quintile: UK, 6-13 March 2023

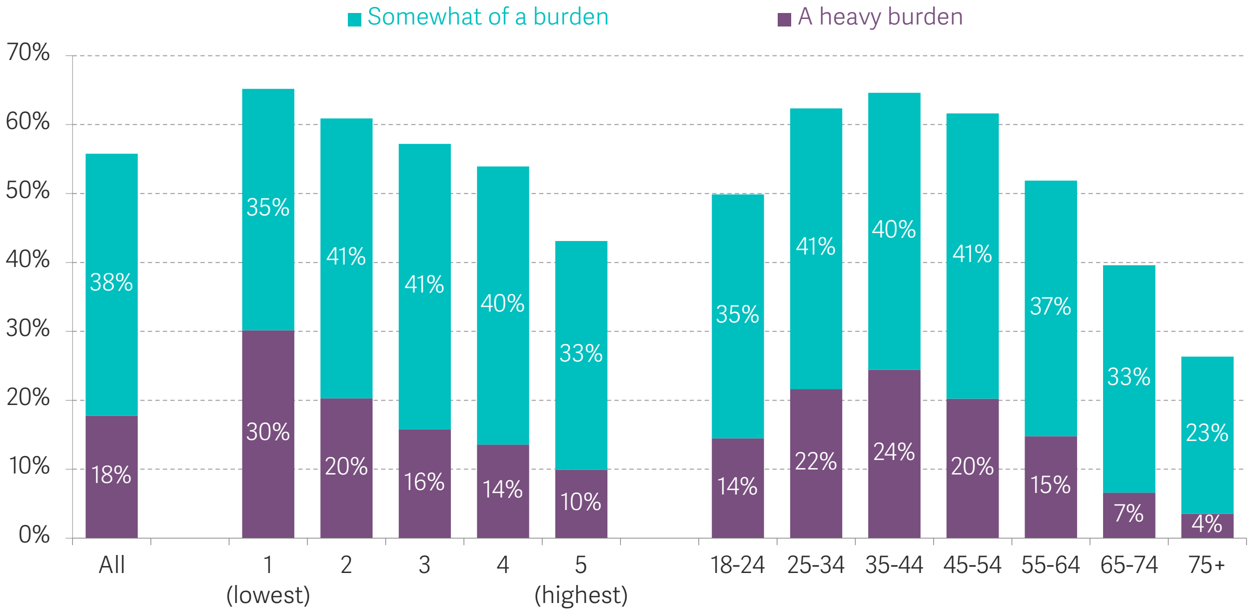


NOTES: All respondents (n= 10122), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Debt can be a useful tool, but a significant proportion of respondents are struggling with problem debt. Figure 15 shows that almost one in five respondents (18 per cent) reported finding the repayment of loans and credit agreements a heavy financial burden, indicating problem debt. Poorer groups appear to be particularly affected, with 30 per cent of those in the bottom-income quintile experiencing difficulty in repaying their debts. Moreover, younger and middle-aged groups were also more likely to be in problem debt, with nearly a quarter (24 per cent) of 35-44-year-olds reporting difficulties in repaying their debts, compared to only 7 per cent among those aged 65-74.

FIGURE 15: **Problem debt is concentrated among poorer and younger groups**

Percentage of respondents reporting that their debt is a burden, by age group and equivalised income quintile: UK, 6-13 March 2023



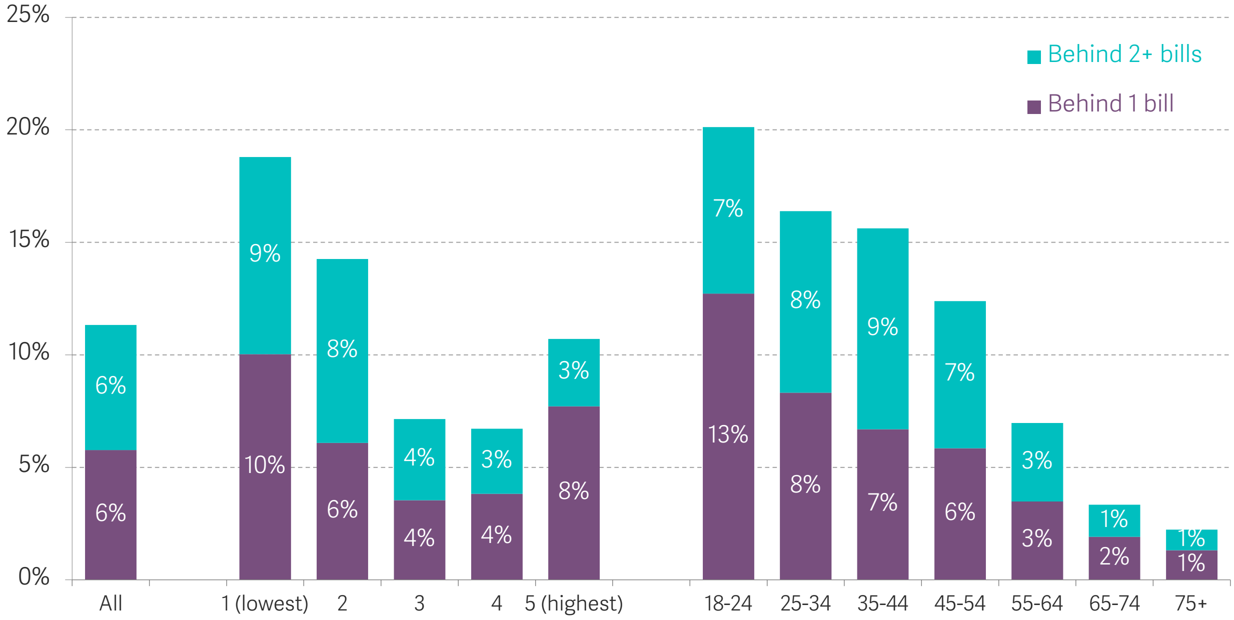
NOTES: All respondents (n=10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

The fact that not all can access credit (as suggested by the patterns in Figure 13 and Figure 14) means that looking at formal borrowing in isolation provides an incomplete picture as to who has been put under the most pressure during winter. Indeed, our survey suggests that those who are less able to access credit are more likely to have fallen behind on priority bills. For example, Figure 16 shows that this issue is most concentrated among those in the bottom-income quintile, with 19 per cent of respondents in this group falling behind on at least one bill, including 9 per cent who are behind on two or more bills. Young people were also more likely to fall behind on priority bills, with 20 per cent of 18-24-year-olds behind on at least one bill between December 2022 and March 2023, compared to only 3 per cent of 65-74-year-olds.

Overall, the number of people falling behind on priority bills is increasing, with 12 per cent of respondents reporting that they had fallen behind on at least one important bill payment between December and March (including 6 per cent who have fallen behind on two or more payments), compared to 10 per cent in November 2022. Falling into arrears on these priority bills can lead to significant negative consequences, both financially and emotionally. It can result in late fees, penalties, additional interest charges, affect credit scores or even lead to court summons.

FIGURE 16: **Young people and those from a low-income family were more likely to have missed bill payments than older adults and those on higher incomes**

Percentage of respondents reporting missing one or more payments of a priority bill between December 2022 and March 2023, by age group and equivalised income quintile: UK, 6-13 March 2023



NOTES: All respondents (n=10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Our survey data from March 2023 shows that many people chose to offset the recent winter price surge by dipping into savings and incurring debt, especially the younger and middle-aged. While this alone is not a cause for concern, as it can be a reasonable approach in the short term, it is not be a viable option for everyone. Young people and those in the bottom-income quintile tend to have smaller savings pots and less access to formal credit. As a result, it is these groups that have been more likely to resort to falling behind on bills over the winter. But formal support is only one side of the story, and many people rely on help from friends and family during periods of financial hardship. The next section focusses on the use of informal support networks throughout the cost of living crisis.

Section 4

Help from family and friends

Although some were able absorb higher prices through their financial balance sheets, others have relied on more informal support to cope with the rising cost of living. One in ten respondents asked for more help than usual from their family and friends in the past year, with a similar proportion saying they that asked for help, but not any more than was usual. But not everyone is lucky enough to have family and friends that can help: one in five adults (20 per cent) reported that they didn't have family and friends that were able to provide help.

Financial support from informal networks has been particularly important throughout the cost of living crisis – particularly for younger age groups. A quarter (25 per cent) of 25-34-year-olds reported that they received financial help in the past year compared to just 2 per cent of those aged 65 and above. Intergenerational networks are driving the provision of financial help, with the majority (87 per cent) of respondents stating that their financial help was provided by family members. In particular, the 'bank of mum and dad' is an important lender, with 83 per cent of 18-24-year-olds and 67 per cent of 25-34-year-olds that received financial help reporting that their parents were the source of their financial assistance.

Informal networks are also important for people from low-income families: 22 per cent of respondents in the bottom-income quintile asked for help more than usual, and 9 per cent provided help more than usual. However, the cost of living crisis seems to be putting pressure on these support networks, with 10 per cent of respondents in the bottom-income quintile providing less help than usual, compared to 5 per cent of respondents in the top-income quintile.

One in ten respondents asked for help more than usual in the past year

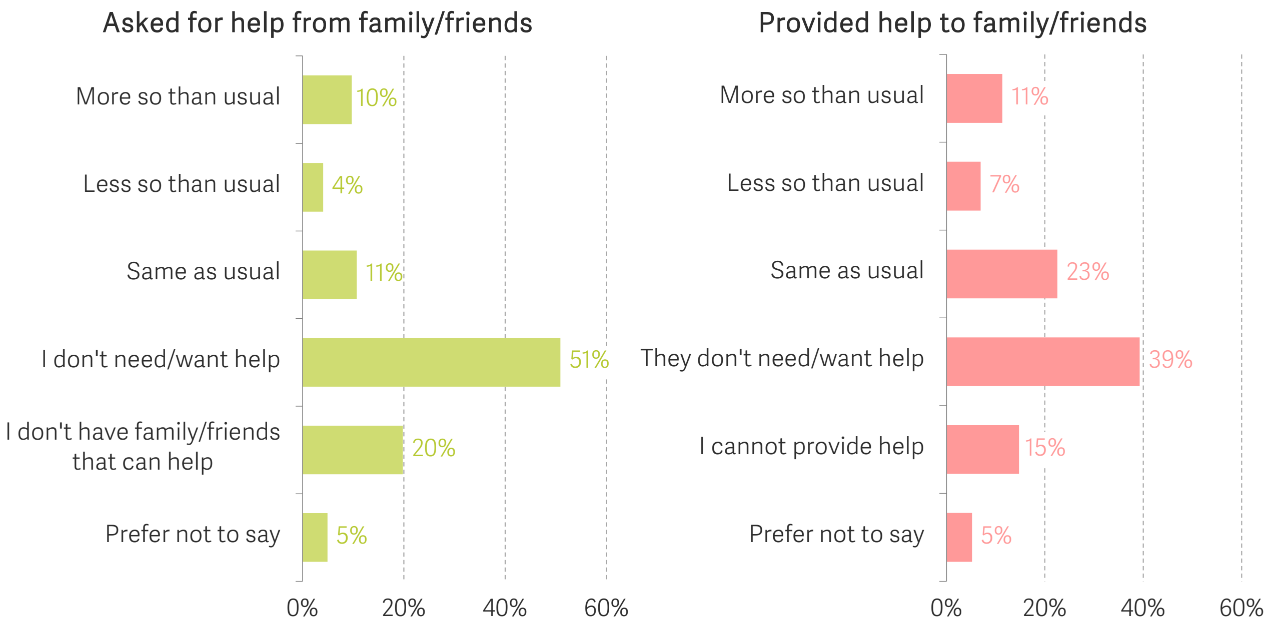
The role of informal networks in helping individuals cope with financial shocks cannot be overlooked. In addition to the formal ways of coping with income shocks discussed in the previous chapter, it is crucial to consider how support from family and friends has supplemented these methods throughout the cost of living crisis.

Although the majority of respondents did not require help from their social networks, Figure 17 indicates that one in ten respondents asked for help (both financial and non-financial) more than usual from their family and friends in the past year, with a further 11 per cent of respondents saying that they asked for help but no more than usual.[17] Similarly, 11 per cent of respondents indicated that they provided more help than usual to their family and friends.

However, it's worth noting that not everyone has access to support from family and friends during times of financial hardship: Figure 17 shows that one in five adults reported that they didn't have family and friends that were able to provide help, and 15 per cent of respondents said that they didn't provide any help because they weren't able to.

FIGURE 17: **One in ten adults asked for help from family or friends more than usual**

Percentage of respondents that asked for help from, or provided help to, family or friends more or less in the past 12 months: UK, 6-13 March 2023



NOTES: Asked for help from family or friends (n=9888), provided help to family or friends (n=9888).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

There are notable differences in the reliance on informal networks across age groups (Figure 18). Younger and middle-aged groups were much more likely to ask for help from family and friends than their older counterparts: 17 per cent of 25-34-year-olds and 15

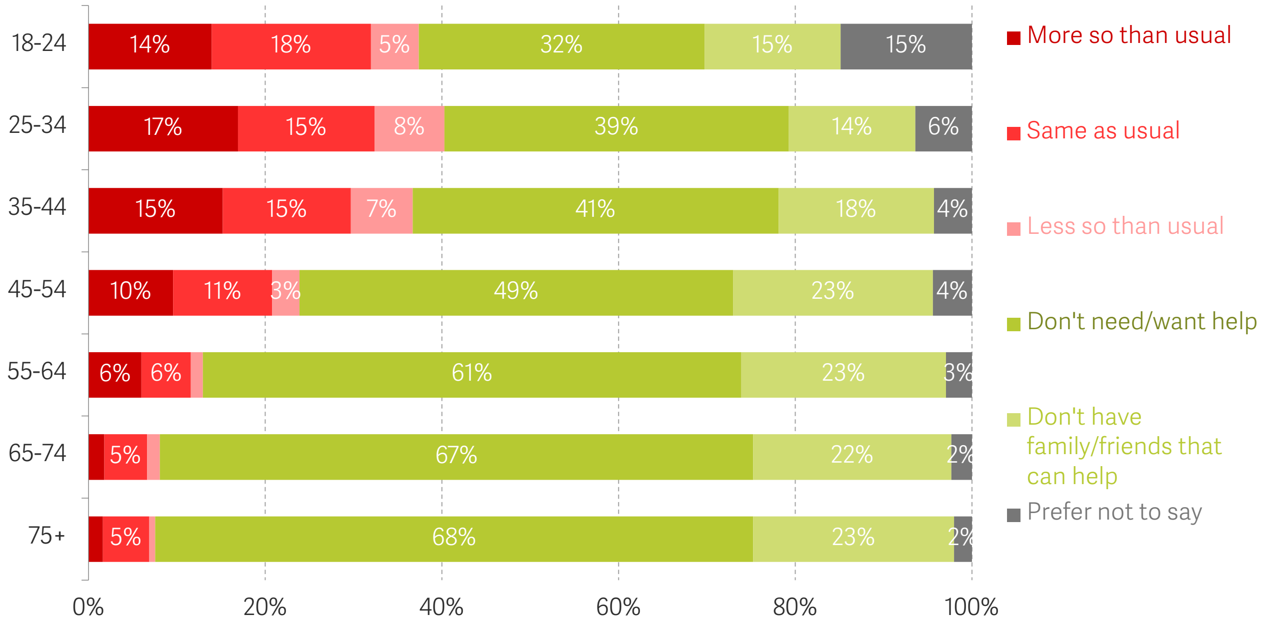
17 Throughout this chapter 18-29-year-olds that reported receiving help from adult children and those aged 65 and above that reported receiving help from grandparents have been excluded from the analysis due to concerns around the accuracy of their responses.

per cent of 34-44-year-olds reported asking for help more so than usual in the previous year, compared with only 2 per cent of those aged 65 and above who sought additional support (this pattern doesn't change if we also include those asking for help this winter, but no more so than usual).

Conversely, older adults were less likely to require help compared to younger age groups. Around two-thirds of those aged 65 or over reported that they did not want or need help, compared with just under one third (32 percent) of 18-24-year-olds.

FIGURE 18: **Younger people have been more likely than older adults to ask family and friends for help**

Percentage of respondents that asked for more or less help from family or friends in the past 12 months, by age group: UK, 6-13 March 2023



NOTES: 18-24 (n=873), 25-34 (n=1487), 35-44 (n=1921), 45-54 (n=1441), 55-64 (n=1607), 65-74 (n=1814), 75+ (n=745).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Financial support from informal networks is particularly important to younger people

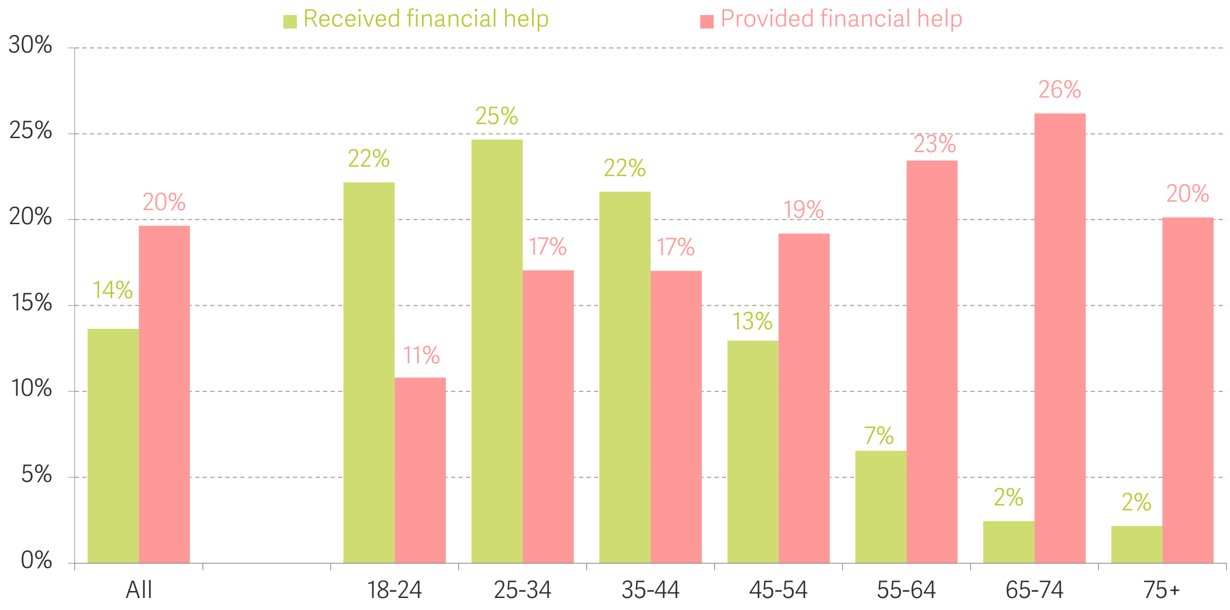
Respondents were asked about what types of support they received, including assistance with personal needs, childcare, and transport. However, given the relevance of financial support to the current cost of living crisis, we focus below on those giving and receiving financial help.

Figure 19 shows that younger age groups were more likely than older adults to receive financial help from their family and friends in the past year (mirroring the patterns in Figure 18). Specifically, 25 per cent of 25-34-year-olds received financial help, while only

2 per cent of those aged 65 and above did the same. One reason for this stark difference is that young people generally have very low levels of financial resilience: as reported earlier, almost four in ten (38 per cent) of those aged 75 and above reported that they had savings of over £15,000, more than twice the proportion of those aged 25-34 (18 per cent). Unsurprisingly, it is older age groups that are more likely to provide help: over a quarter (26 per cent) of 65-74-year-olds were providing financial help to family and friends.

FIGURE 19: **Around a quarter of young people received financial help in the past year**

Percentage of respondents receiving financial help and providing financial help in the last 12 months, by age group: UK, 6-13 March 2023



NOTES: All respondents (n=9888), 18-24 (n=873), 25-34 (n=1487), 35-44 (n=1921), 45-54 (n=1441), 55-64 (n=1607), 65-74 (n=1814), 75+ (n=745).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

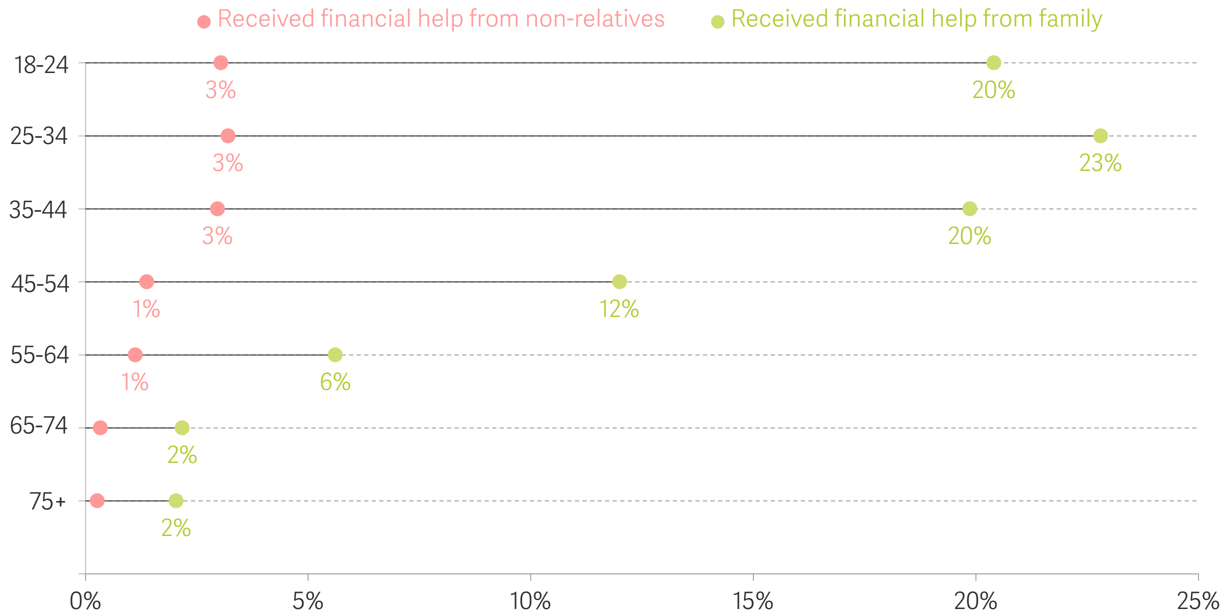
Our survey respondents said that the majority (87 per cent) of financial assistance is provided by family members. In particular, the 'bank of mum and dad' plays a critical role, with 83 per cent of 18-24-year-olds and 67 per cent of 25-34-year-olds (2.6 million adults aged 18-34 in total) who received financial assistance reporting that their parents were the source.

But the fact that the majority of financial support comes from family members means that luck plays a role in determining who receives aid. Our survey indicates that the likelihood of receiving financial help varies with a parent's existing wealth. For example, among those who provided financial aid to their adult children, 59 per cent had savings of over £1,000, and 40 per cent had savings of more than £15,000. The latter amount is more than the majority of people have in savings: only a third (34 per cent) of respondents aged

55-64 had savings of £15,000 or more, while 13 per cent had no savings at all. Clearly, the liquidity of the 'bank of mum and dad' is critical.

FIGURE 20: **Family is really important in the context of informal support**

Source of financial help received in the last 12 months, by age group: UK, 6-13 March 2023



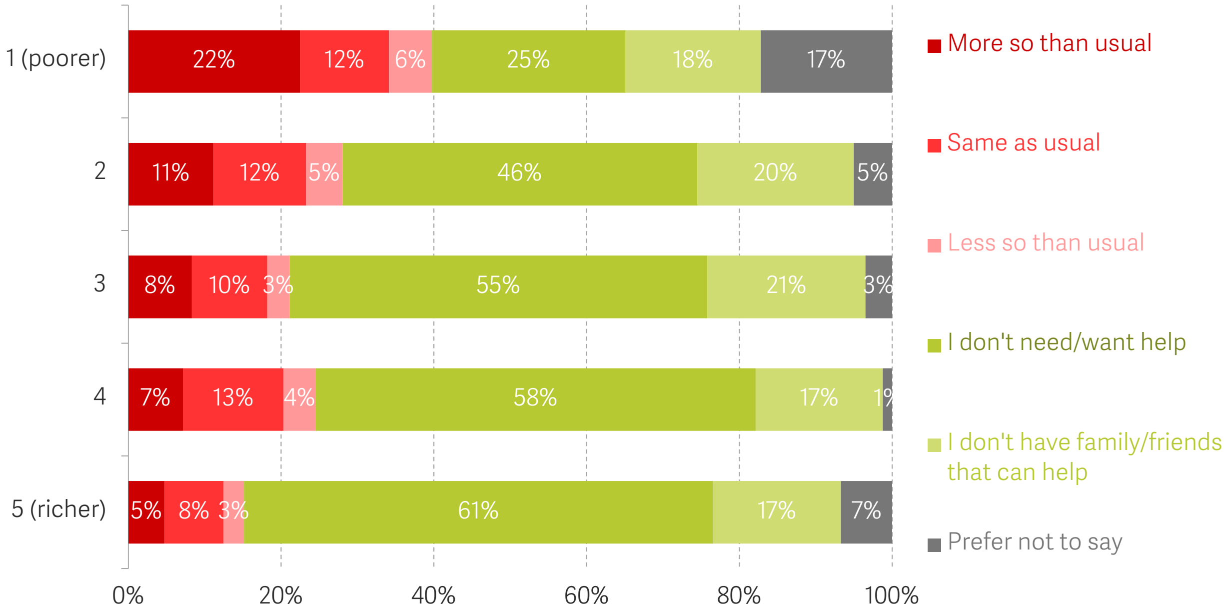
NOTES: 18-24 (n=925), 25-34 (n=1485), 35-44 (n=1916), 45-54 (n=1478), 55-64 (n= 1750), 65-74 (n=1642), 75+ (n=674).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Informal networks are also important to lower-income families

Figure 21 shows that respondents in the lowest-income quintile were much more likely to ask for help from friends and family more often than usual in the past 12 months compared to those in higher-income families: over one in five (22 per cent) of respondents in the bottom-income quintile asked for more help compared to just 5 per cent of those in the top-income quintile. Similarly, only a quarter (25 per cent) of respondents in the bottom-income quintile reported that they didn't want or need help from friends and family over the past 12 months, roughly half the proportion across the sample as a whole (51 per cent).

FIGURE 21: **Poorer people were more likely to be asking for help more than usual than those on higher incomes**

Percentage of respondents that asked for more or less help from family or friends in the past 12 months, by equivalised income quintile: UK, 6-13 March 2023

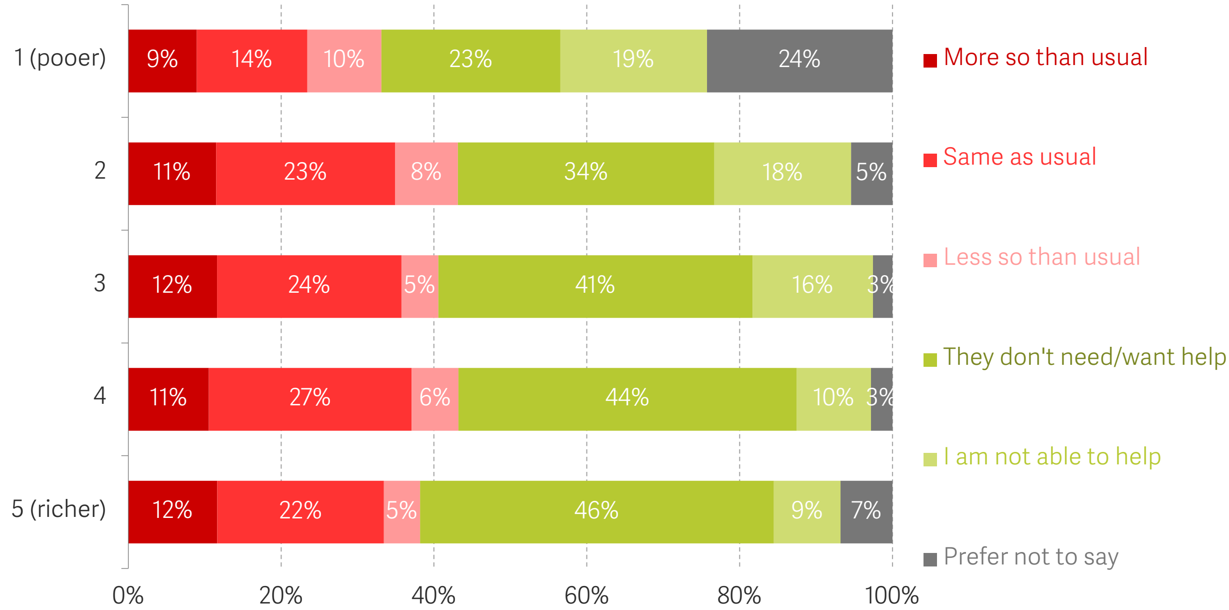


NOTES: Lowest income quintile (n=894), q2 (n=1232), q3 (n=1198), q4 (n=1007), highest income quintile (n=1117).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

But the provision of help appears to be more evenly distributed across income groups (Figure 22). For example, 9 per cent of those in the bottom-income quintile provided help more than usual in the past 12 months, only slightly less than the 12 per cent providing help more than usual in the top-income quintile. However, the cost of living crisis seems to be putting pressure on informal support networks. For example, 10 per cent of respondents in the bottom-income quintile provided less help than usual in the past 12 months, with 5 per cent reporting that they provided less help because they were no longer able to. This demonstrates that informal networks can be fragile and unpredictable particularly, when income shocks are widespread.

FIGURE 22: **Low-income people were also providing help more than usual**

Percentage of respondents that provided more or less help to family or friends in the past 12 months, by equivalised income quintile: UK, 6-13 March 2023



NOTES: Lowest income quintile (n=894), q2 (n=1232), q3 (n=1198), q4 (n=1007), highest income quintile (n=1117).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

This section has shown that informal networks can be a valuable source of support during tough financial times. This is particularly true for younger and poorer groups, with 17 per cent of 25-34-year-olds and 22 per cent of respondents in the bottom-income quintile asking for help from family and friends more than usual in the past year. This reflects that these groups have lower levels of financial resilience and are potentially more limited in their ability to rely on more formal financial support. But some people may have exhausted all routes of formal and informal support and have fallen into serious hardship as a result. The next section shows which groups have been the most likely to be going without essential items – such as food – and the implications for their health.

Section 5

Food insecurity and health in the cost of living crisis

So far, this report has examined how people have used different means of getting through the cost of living crisis. However, for some, these means are not enough to prevent hardship: a fifth of our survey respondents reported being in food insecurity, and one-in-four adults cannot afford basic essentials. These alarmingly high figures, similar to the levels reported in our November 2022 survey, are significantly higher than comparable survey results in 2019-20: moderate or severe food insecurity was three times higher than in 2019-20.

The rising cost of living is not just having harmful financial consequences; it is associated with a deterioration in mental and physical health. 30 per cent of respondents reported a decline in their health due to the cost of living crisis; unsurprisingly, this was higher among poorer and younger respondents. However, the ways in which people have coped with the cost of living crisis has influenced the extent to which they've experienced a deterioration in health. For example, 14 per cent of respondents reported feeling unhappy or depressed much more than usual between December 2022 and March 2023. This increases to 19 per cent among those who used their savings during the crisis, 29 per cent among those that fell into bill arrears and 45 per cent among those in severe food insecurity.

In previous sections, we have examined how people have responded to rising prices, whether that be cutting back on spending, using savings or borrowing from institutions, or getting help from family and friends.

This section looks at the consequences of those actions and the rising cost of living, looking at who is skipping meals or experiencing food poverty, and the impact of squeezed budgets both on living standards and physical and mental health.

More than a fifth of people continued to experience food insecurity over the winter, with half of those experiencing severe food insecurity

Recent years has seen an increased focus on how low living standards affects people's ability to feed their families adequately and securely, and so in our survey we included a suite of questions on food insecurity similar to those on in the official Family Resources Survey.

Figure 23 shows the results of two of these questions: 18 per cent of respondents reported eating less or skipping meals as a result of not being able afford food in the last month, and 8 per cent of respondents reported skipping meals for seven or more days in the last month. (We also show food and warm bank use for context – 3 per cent of adults had used one in the last 4 weeks; this is four times as many as reported using a food bank in the 2021-22 Family Resources Survey.[18])

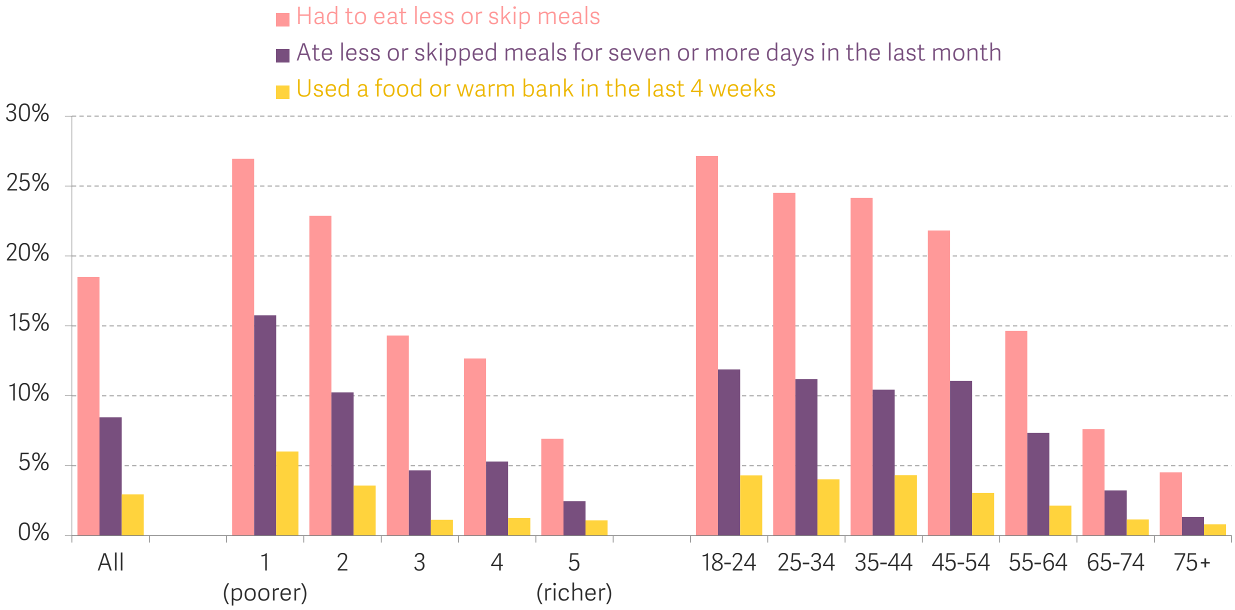
Figure 23 also shows how these outcomes vary across the age and income distribution. On the whole, older adults aged 65 and over were far less likely to report skipping meals or eating less as well as being less likely to use a food bank (less than half as likely compared to all adults in our survey). However, the youngest adults (aged 18-24) were most likely to have skipped any meals (27 per cent), while adults aged across 18-54 were similarly likely to have skipped meals for seven or more days (between 10 to 12 percent).

The patterns by income are very similar for all three measures, with the poorest individuals in our survey being four times more likely to have skipped meals, six times more likely to have done so for seven days or more in the last month, and five and a half times more likely to have used a food bank than the richest adults. Overall, one-in-seven low-income adults (16 per cent, corresponding to 1.7 million adults) ate less or skipped meals in the past month, twice as much as the population as a whole (8 per cent).

18 Source: DWP, Stat-Xplore, Household Food Security Dataset.

FIGURE 23: **1-in-12 individuals ate less or skipped meals for seven days in the past month**

Percentage of respondents skipping meals due to not having enough money and using a food or warm bank in the past month, by age group and equivalised income quintile: UK, 6-13 March 2023



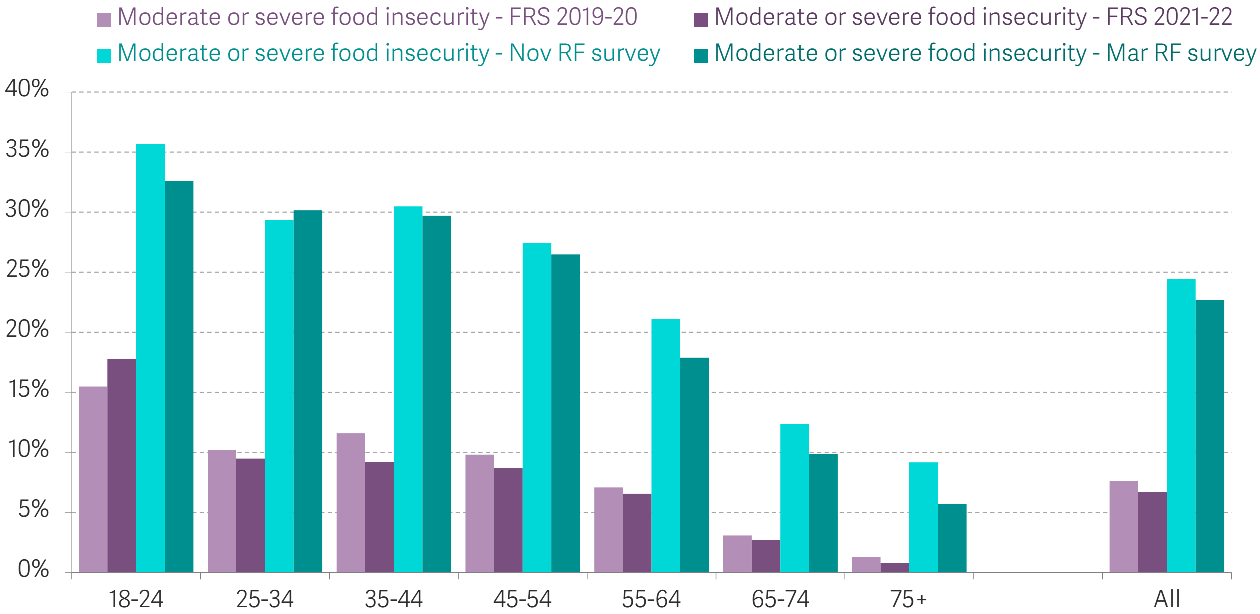
NOTES: All respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Figure 24 shows an overall measure of food insecurity derived from our survey results and compares them to the equivalent measure from the Family Resources Survey in 2019-20 and 2021-22.[19] Overall, food insecurity has fallen very slightly since November 2022, but remains significantly higher than before the cost of living crisis (around three-times higher, at 23 per cent in March 2023 compared to 7 per cent in 2021-22).[20]

19 The methodology is the same as that described in Box 2 of: M Brewer, E Fry & L Try, The Living Standards Outlook 2023, Resolution Foundation, January 2023. However, the estimate of food insecurity from the November 2022 survey has been corrected for an analysis error. Also, a slight change in the survey question between waves mean that we expect moderate food insecurity to be slightly lower in the March survey.
20 These findings are in line with the rapid rises in food insecurity observed over 2022, with the Food Foundation finding that total insecurity was already 18.4 per cent in September 2022, more than double the levels in January 2022 (8.8 per cent), and higher even than the first two weeks of lockdown in 2020. Source: Food insecurity tracking, The Food Foundation, September 2022.

FIGURE 24: **Food insecurity has remained consistently high during the cost of living crisis**

Percentage of people in moderate and severe food insecurity, by age group: UK, 2019-20, 2021-22, 23-30 November 2022, 6-13 March 2023



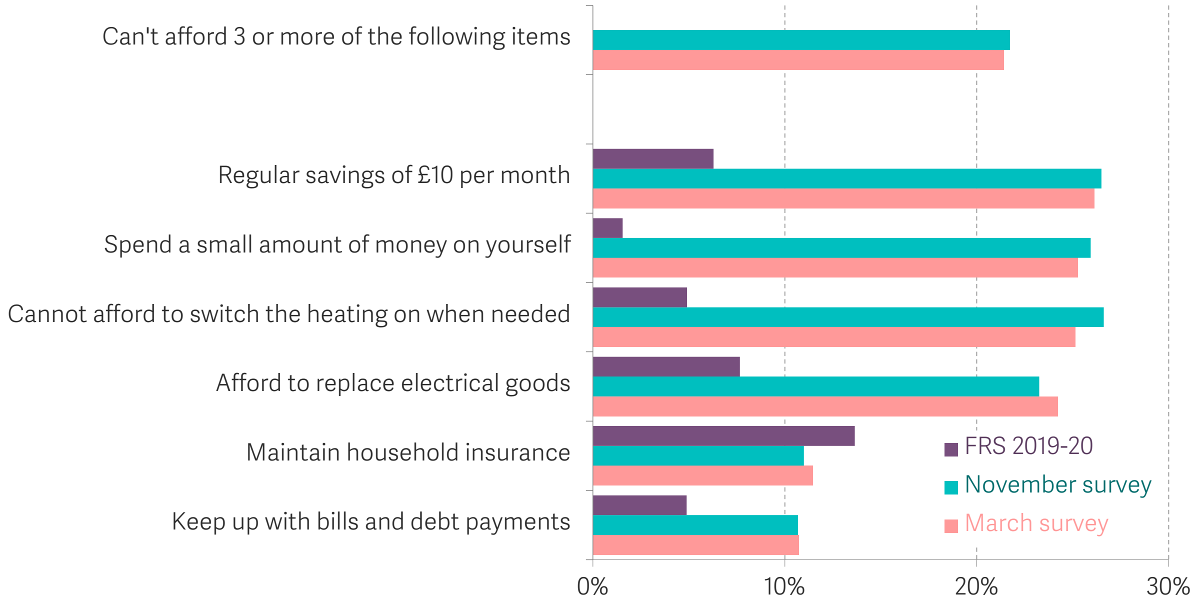
NOTES: March survey, all respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753); November survey, all respondents (n= 10470), 18-24 (n= 865), 25-34 (n= 1480), 35-44 (n= 1999), 45-54 (n= 1625), 55-64 (n= 1750), 65-74 (n= 1967), 75+ (n=775).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

One-in-four adults cannot afford basic essentials

Food insecurity provides one glimpse of the way that higher prices are affecting people's standard of living; for a more complete picture, we asked respondents in about their ability to afford a number of different essentials. Around one-in-four respondents said that they could not afford essentials such as replacing electrical goods, regularly saving £10 a month, or switching on the heating when needed (see Figure 25). These results are similar to our November 2022 survey results, and substantially higher compared to estimates from the 2019-20 Family Resource Survey. They show that squeezed budgets are placing growing constraints on what families are able to afford.

FIGURE 25: **Families are continuing to struggle to afford basic essentials**

Percentage of respondents reporting being unable to afford certain essentials: UK, 2019-20, 23-30 November 2022 & 6-13 March 2023



NOTES: March survey, all respondents (n= 10122); November survey, all respondents (n= 10470)
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis November 2022 and March 2023 wave; DWP, Family Resources Survey.

There are very strong associations between people's experience of the cost of living crisis and their mental health

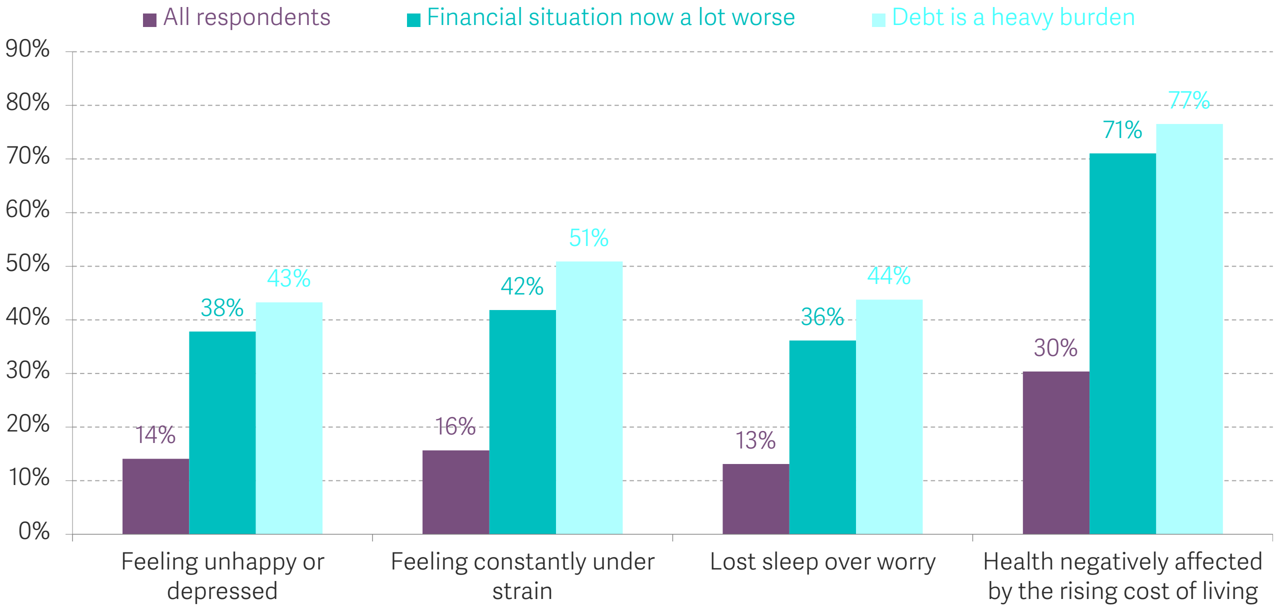
Finances (and having enough money to eat) are just one aspect of people's living standards, but it's also clear that people's experience of the cost of living crisis has impacted their mental health. We show this below in three ways.

First, Figure 26 shows that respondents who reported that their financial situation was now a lot worse were much more likely to be experiencing negative health outcomes: 30 per cent of all respondents – or 16 million adults – stated that their health had been negatively affected by the rising cost of living, but this rises to 71 per cent among those who report that their financial situation is a lot worse, and 77 per cent among those finding their debt a heavy burden. This echoes the findings from Money and Mental Health Policy Institute research which finds that half (46 per cent) of people in England in problem debt also have a mental health problem.21

21 M Holkar, Mental health problems and financial difficulty, Money and Mental Health Policy Institute, March 2019.

FIGURE 26: **A worsening financial position is linked to a deterioration in health as a result of the cost of living crisis**

Percentage of respondents that reported reporting various health consequences, by financial situation: UK, 6-13 March 2023



NOTES: Percentages are for respondents that reported their financial situation was 'a lot worse' in March 2023 compared to December 2023 and for those that found the repayment of their debt 'a heavy burden'. All respondents (n= 10122), financial situation now a lot worse (n= 1333), debt is a heavy burden (n=811).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Second, Figure 27 shows the proportion of respondents that reported a decline in their health due to the cost of living crisis, and how this varies by age and income. Younger people were more likely to say that their health had been adversely affected by the cost of living crisis than older individuals: four in ten 25-34-year-olds (40 per cent, corresponding to 3.6 million adults) reported negative health impacts, which is twice the proportion among those aged 65 and above.

In addition, over 40 per cent of adults are showing signs of poor mental health and emotional distress (a similar result to our November survey). The age gradient is even more pronounced for this measure, with over half (52 per cent) of 25-34-year-olds reporting that they were in emotional distress, double the proportion reported by respondents aged 75 and above. This ongoing decline in the mental health of younger individuals could have broader economic implications, especially if it prevents them from entering work or education.[22]

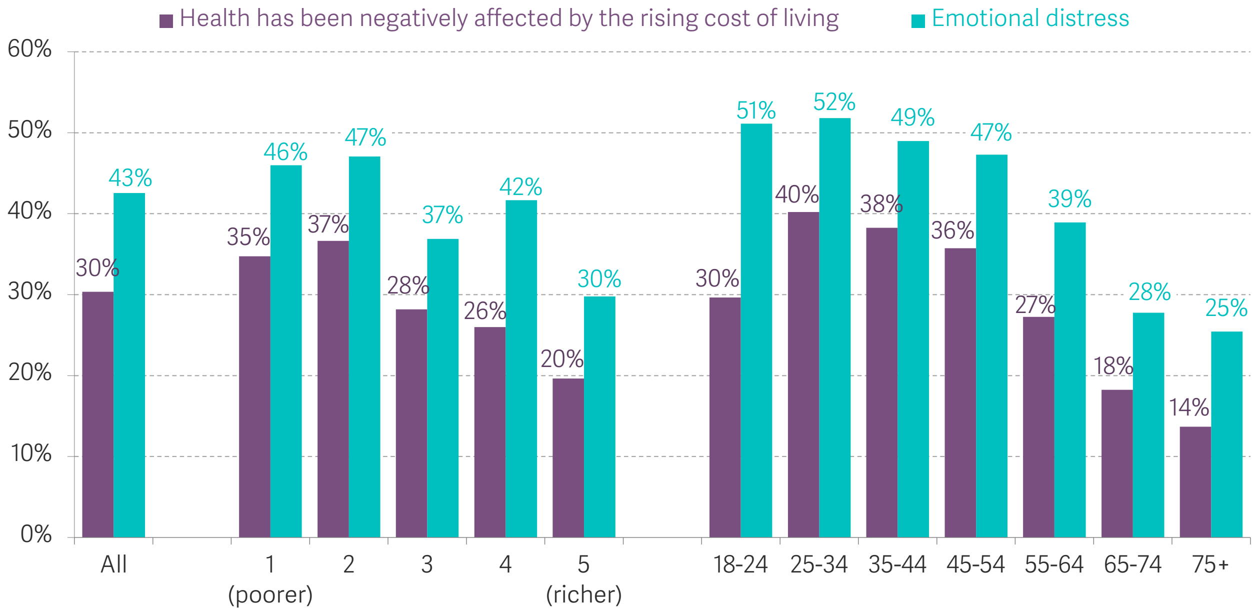
Those with low incomes were also more likely to report that the cost of living crisis has had a negative impact on their health – 35 per cent of respondents in the bottom income

22 For a more detailed discussion on the impacts of mental health conditions on young people and their participation in the labour market, see: R Sehmi & H Slaughter, Double trouble: Exploring the labour market and mental health impact of Covid-19 on young people, Resolution Foundation, May 2021.

quintile reported that their health had been made worse by the rising cost of living, compared to 20 per cent of those in the highest income quintile. Similarly, those from low-income families are also more likely to show signs of poor mental health, with 46 per cent of respondents in the lowest income quintile reporting being in emotional distress, compared to 30 per cent in the highest income quintile.

FIGURE 27: **Younger adults were twice as likely as their older counterparts to report their health has deteriorated as a result of the increased cost of living**

Percentage of respondents reporting health consequences, by age group and equivalised income quintile: UK, 6-13 March 2023



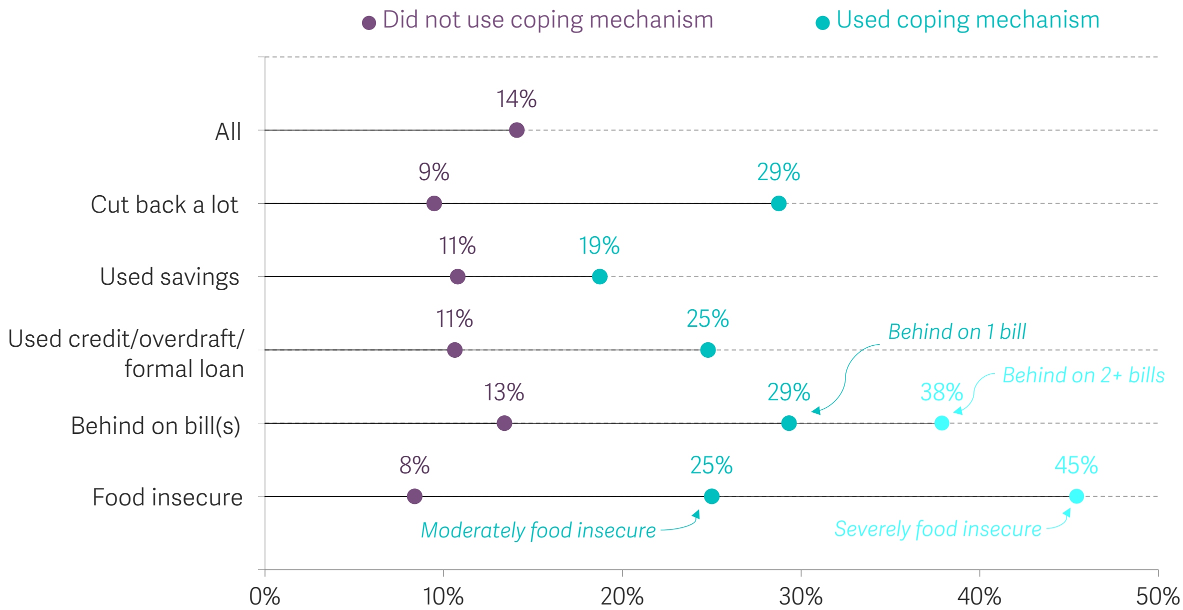
NOTES: The blue bars show the proportion of people scoring 4+ on the 12-point General Health Questionnaire, considered to be the respondent showing signs of emotional distress. All respondents (n= 10122), 18-24 (n= 1053), 25-34 (n= 1487), 35-44 (n= 1921), 45-54 (n= 1441), 55-64 (n= 1636), 65-74 (n= 1831), 75+ (n=753), lowest income quintile (n=950), q2 (n=1251), q3 (n=1215), q4 (n=1018), highest income quintile (n=1138).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

Finally, people's mental health could be affected by the actions that people choose, or were forced to take, in response to the cost of living crisis. Figure 28 shows that respondents who resorted to extreme coping mechanisms, such as falling into bill arrears or cutting back on food, had much worse wellbeing than those that did not. For example, 38 per cent of respondents who fell behind on two or more priority bills reported feeling unhappy or depressed much more than usual in the past three months: this was almost three times the proportion of those who were not behind on any priority bills. Similarly, 45 per cent of respondents in severe food insecurity reported feeling unhappy or depressed much more than usual, compared to only 8 per cent among those who did not experience any food insecurity.

On the other hand, using savings had a much smaller negative impact on mental health: 19 per cent of people that used savings to make ends meet reported feeling unhappy or depressed much more than usual between December 2022 and March 2023, compared to 11 per cent of among those that didn't use their savings. This highlights the importance of having a financial buffer during times of financial difficultly: not only does it help people temporarily maintain their standard of living, it can also protect their mental health from deteriorating severely.[23]

FIGURE 28: **All coping mechanisms were associated with a worse mental health**

Percentage of respondents reporting that were feeling unhappy or depressed much more than usual between December 2022 and March 2023, by coping mechanism: UK, 6-13 March 2023



NOTES: All respondents (n= 10122), did not cut back a lot (n=7599), cut back a lot (n=2523), did not use savings (n=5628), used savings (n=4494), did not use a credit card, overdraft or formal lender (n= 7513), used a credit card, overdraft or formal lender (n= 2609), not behind on bill(s) (n= 9558), behind on one bill (n= 564), behind on two or more bills (n= 545), not food insecure (n=7875), moderately food insecure (n=1193), severely food insecure (n=1054).
SOURCE: RF analysis of YouGov, adults age 18+ Cost of Living Crisis March 2023 wave.

This section shows that, for some groups, cutting back, drawing down savings or borrowing, and relying on friends and family have not been enough to prevent significant hardship. While the cost of living crisis may have weighed heavily on everyone this winter, older age groups and those on highest incomes appear to have been more protected from the very worst of it. Instead, poorer and younger people were most likely to report skipping meals and being in moderate or severe food insecurity, and there are very strong associations between the use of some of these coping mechanisms and health.

23 Analysis done by the Joseph Rowntree Foundation shows that those with less savings were more likely to report negative mental health outcomes. For more information see: T Clark & A Wenham, Anxiety nation? Economic insecurity and mental distress in 2020s Britain, Joseph Rowntree Foundation, November 2022.

Section 6

Conclusion

The results of our survey – a stocktake of how adults are now dealing with the cost of living crisis – provide important new insights for how we think about how rising prices affecting living standards. Despite the broad cost pressures of the crisis that have affected almost everyone, the way people dealt with it has varied significantly. Some coping mechanisms have been widely used across all age groups, such as cutting back on spending and drawing down savings, but the use of credit to make ends meet has been concentrated among the younger middle aged (35-44), while young people (aged 18-24) and low-income people were the most likely to have coped with rising cost pressures by falling into bill arrears. Younger and lower-income groups have also turned to their family and friends for support over the winter, but this is not an option available to everyone. For some, these coping mechanisms have not been enough to prevent significant hardship this winter, with around a fifth of adults cutting back on food – a problem particularly concentrated among poorer and younger people. There are also clear associations between people's experience of the cost of living crisis and their mental health, not having enough money to eat was strongly linked to higher levels of unhappiness and depression, so it is perhaps unsurprising that young people and those on low-incomes were the most likely to have seen their health deteriorate as a result of the crisis.

These differences have been shaped by the position the UK found itself in immediately prior the crisis: high levels of income and wealth inequality left poorer and younger groups particularly exposed to financial hardship over the winter, while older people (aged 75 and over) and those living in the richest fifth of households – groups who tended to see the largest rise in wealth through the pandemic[24] – appear to have had greater capacity to respond to the inflationary shock – though this is not to say that all adults in these groups have escaped the crisis unscathed.

Looking ahead, policy makers may well be thinking that the worst of the crisis is behind us. However, with inflation still in double digits and real household disposable incomes

24 J Leslie & K Shah, (Wealth) gap year: The impact of the coronavirus crisis on UK household wealth, Resolution Foundation, July 2021.

expected to be 0.5 per cent lower in 2027-28 than they were pre-pandemic many families – particularly those with the lowest incomes – will still be struggling to manage the challenge of permanently higher prices throughout the year ahead.[25] Similarly, while energy bills may be set to fall later this year the Government will be providing far less support to households meaning that energy bills are set to remain at twice their pre-crisis level for the rest of this year at least. [26]

And there are new cost of living pressures emerging. Higher interest rates mean more costly mortgage payments and with food inflation at record highs, it seems almost inevitable that food insecurity will remain elevated – if not increase. A 10.1 per cent uprating of benefits this month (as well as future cost of living payments) will be welcome news to the families who are eligible, but everyone else will be reliant on real-terms wage growth which is far from certain.

The latest official prognosis is that real household disposable incomes are expected to be 0.5 per cent lower in 2027-28 than they were pre-pandemic.[27] If we are ever to seriously reverse these trends of weak living standards and high inequality, then we need a clearer economic strategy that delivers shared economic growth.

25 OBR, Economic and Fiscal Outlook, March 2023.
26 The support package in 2023-24 is set to cost around £16 billion (down from £47 billion in 2022-23), with around 60 per cent of this going to working-age households, and around 40 per cent going to pensioner households. These measures are set to offset the rise in energy prices relative to 2021 by 44 per cent.
27 OBR, Economic and Fiscal Outlook, March 2023.

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