

Article

The rising cost of living and its impact on individuals in Great Britain: November 2021 to March 2022

Analysis of how different groups in the population have been affected by an increase in their cost of living, using data from the Opinions and Lifestyle Survey.

Contact:
Nick Chapman, Marilyn Appiah,
Ozer Beha, Chris Hendry
economic.advice@ons.gov.uk
+44 1633 580075

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1 . Main points

- Around 9 in 10 (87%) adults reported an increase in their cost of living over the previous month in March 2022 (16 to 27 March 2022), an increase of 25 percentage points compared with around 6 in 10 (62%) adults in November 2021 (3 to 14 November 2021).
- Nearly a quarter (23%) of adults reported that it was very difficult or difficult to pay their usual household bills in the last month, compared with a year ago, in March 2022 (16 to 27 March 2022); an increase from 17% in November 2021 (3 to 14 November 2021).
- Focusing on the latest period, among those who pay energy bills, around 4 in 10 (43%) reported that it was very or somewhat difficult to afford their energy bills in March 2022 (16 to 27 March 2022).
- Of adults currently paying off a mortgage and/or loan, or rent, or shared ownership, 30% reported that it was very or somewhat difficult to afford housing costs, and 3% claimed to be behind on rent or mortgage payments, in March 2022 (16 to 27 March 2022).
- Among all adults, 17% reported borrowing more money or using more credit than they did a year ago, in March 2022 (16 to 27 March 2022).
- Among all adults, 43% reported that they would not be able to save money in the next 12 months, in March 2022 (16 to 27 March 2022); this is the highest this percentage has been since this question was first asked in March 2020 (27 March to 6 April 2020).

2 . Overview

This article focuses on the impacts and behavioural changes individuals are making in response to reported increases in the cost of living, using data from the Opinions and Lifestyle Survey (OPN). It follows on from our [Impact of increased cost of living on adults across Great Britain: November 2021 to March 2022](#) article, which analyses the main characteristics associated with people who are more likely to report an increase in their cost of living and those most at risk of not being able to afford an unexpected expense.

3 . Changes in the cost of living

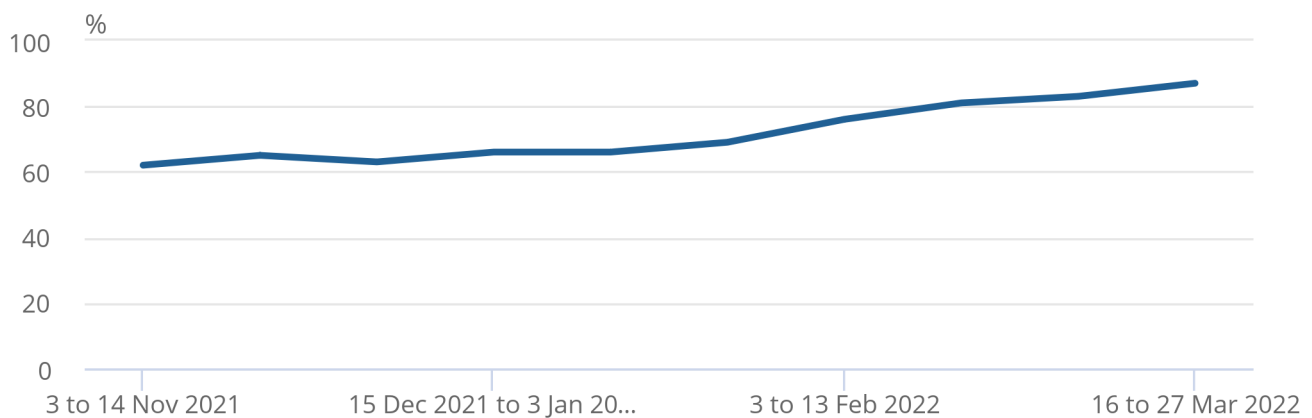
There has been a steady increase in the number of adults reporting an increase in the cost of living over the previous month since November 2021. In the most recent Opinions and Lifestyle Survey (OPN) data (16 to 27 March 2022), 87% of adults reported their cost of living had increased compared with 62% in November (3 to 14 November 2021).

Figure 1: Around 9 in 10 adults reported their cost of living increased in March 2022

All adults in Great Britain, 3 to 14 November 2021 to 16 to 27 March 2022

Figure 1: Around 9 in 10 adults reported their cost of living increased in March 2022

All adults in Great Britain, 3 to 14 November 2021 to 16 to 27 March 2022



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

Notes:

1. Question: "Over the last month, has your cost of living changed?"

Between 16 March and 27 March 2022, the most common reasons reported by adults for increased cost of living were an increase in:

- the price of food shopping (88%)
- gas or electricity bills (83%)
- the price of my fuel (77%)

More information on the reported reasons for increased cost of living and how this differs by individual characteristics can be found in our [Coronavirus and the social impacts on Great Britain](#) bulletin and the [accompanying social impacts dataset](#).

4 . Difficulty paying household bills

Higher energy and housing costs have resulted in more adults reporting some difficulty in paying usual household bills compared with a year ago. During 16 to 27 March 2022, 23% of adults found it very difficult or difficult to pay usual household bills in the last month compared with a year ago, up from 17% in the period 3 to 14 November 2021.

In March (16 to 27 March 2022), the proportion of adults living in the most deprived areas of England who reported that they found it difficult or very difficult to pay their usual household bills, was 9 percentage points higher than in November 2021 (3 to 14 November 2021), increasing from 25% to 34%. This compares with an increase of 7 percentage points in the least deprived areas of England, increasing from 10% to 17%. The [Index of Multiple Deprivation](#) (PDF, 2.18MB) is a composite measure of living standards, see [Glossary](#) for more detail.

While rising household bills will affect most households across the country, they are more likely to disproportionately affect those in the most deprived areas. Income is one of the measures used to determine deprivation, and data from the Living Costs and Food Survey (LCF) show [housing, fuel and power is the least income-elastic category of spending](#).

Figure 2: Around 1 in 3 (34%) adults living in the most deprived areas reported it was difficult or very difficult to pay their usual household bills in the last month, compared with a year ago

All adults in England, 3 to 14 November 2021 and 16 to 27 March 2022

Notes:

1. Question: "How easy or difficult has it been to pay your usual household bills in the last month, compared to a year ago?"
2. The data show the percentage of people who answered either "difficult" or "very difficult".
3. Deprivation measure based on the English Index of Multiple Deprivation, see [Glossary](#).

Download the data

[.xlsx](#)

During 16 to 27 March 2022, a greater percentage of renters (37%) found it very difficult or difficult to pay usual household bills compared with a year ago, compared with mortgagors (23%). Property [renters are more concentrated in the lower income quintiles than mortgagors](#) and have the potential to be affected more by changes in their cost of living. This might explain why renters were more likely to report some difficulty in paying household bills.

From the periods 3 to 13 March and 16 to 27 March 2022, additional questions were added to the Opinions and Lifestyle Survey (OPN) to gather more detailed information on the impacts of higher energy bills and housing costs. The questions asked on how easy or difficult it was to afford recent energy bills and housing costs cover the latest period. They differ slightly to questions that ask the difficulty in paying household bills compared with a year ago, therefore these results are not strictly comparable.

Energy bills

Between November 2021 (3 to 14 November 2021) and March 2022 (16 to 27 March 2022), the second most common reason reported by adults for increased cost of living was an increase in the price of gas or electricity bills. In the most recent period 16 to 27 March 2022, this was at its highest, at 83%.

These data were collected prior to the increase in the [domestic energy tariff cap](#) on 1 April 2022, which sets the maximum amount at which suppliers can charge customers on default tariffs and is updated every six months. The data in this article relate to the period in which there was a [12% rise in the Office of Gas and Electricity Markets \(Ofgem\) energy price cap](#). Our previous analysis shows the extent to which [those on lower incomes may be disproportionately affected by rising energy prices](#). The [latest OPN data covering the period from 13 to 24 April 2022](#) will be released on 29 April 2022.

Among those who pay energy bills, around 4 in 10 (43%) reported that it was very or somewhat difficult to afford their energy bills in March 2022 (16 to 27 March 2022).

During the same period, among those who pay energy bills more than half of adults (57%) living in the most deprived areas of England reported difficulty in affording their energy bills compared with around a third of adults (35%) in the least deprived areas of England.

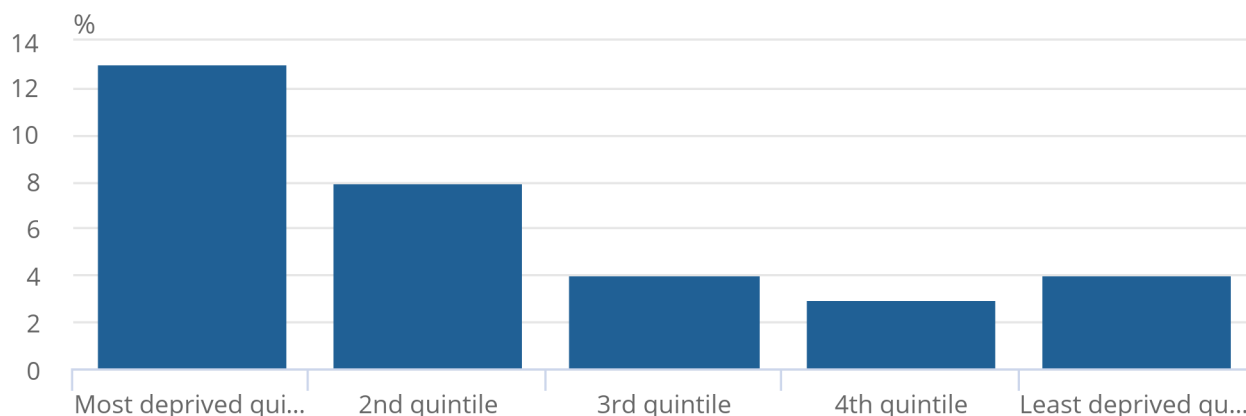
Among those who said they have gas or electricity supplied to their home, 6% reported they were behind on their gas or electricity bills in March 2022 (16 to 27 March 2022). When comparing across personal characteristics, those living in the most deprived areas of England were more likely (13%) to report being behind on gas or electricity bills than those living in the least deprived areas of England (4%). In addition, a greater proportion of renters (13%) reported being behind on energy bills compared with only 3% of mortgagors and 2% of those who own their home outright.

Figure 3: Around 1 in 10 (13%) adults living in most deprived areas reported that they were behind on payments for gas or electricity bills

Adults who said they have gas or electricity supplied to their home in England, 16 to 27 March 2022

Figure 3: Around 1 in 10 (13%) adults living in most deprived areas reported that they were behind on payments for gas or electricity bills

Adults who said they have gas or electricity supplied to their home in England, 16 to 27 March 2022



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

Notes:

1. Questions: Among those who said they have gas or electricity supplied to their home, "Are you behind on payments for your gas or electricity bills?"
2. Deprivation measure based on the English Index of Multiple Deprivation, see [Glossary](#).

Since December 2021 (15 December 2021 to 3 January 2022), among adults who reported their cost of living had increased, respondents were also asked about their actions in response to increased cost of living. The largest increase in any coping method was using less fuel such as gas or electricity. This increased from 28% (15 December 2021 to 3 January 2022) to 45% (16 to 27 March 2022).

There are strong seasonal spending patterns relating to gas and electricity that may affect the results presented in this section.

Housing costs

Housing costs have also been a growing contributor to reported increases in the cost of living. In March 2022 (16 to 27 March 2022), 34% of renters reported their rent had increased in the last six months, compared with 19% of mortgagors who reported their mortgage payments had increased over this period. The difference in the responses of renters and mortgagors likely reflects [some mortgagors being on fixed rate mortgages](#), whereas renters may be more exposed to increases in rent.

Figure 4: Around 1 in 3 renters reported an increase in rent during the last six months

Adults currently paying off a mortgage and/or loan, or rent, or shared ownership in Great Britain, 16 to 27 March 2022

Notes:

1. Question: Among those currently paying off a mortgage and/or loan, or rent, or shared ownership: "Have your rent or mortgage payments gone up in the last 6 months?"

Download the data

[.xlsx](#)

The largest annual increase in [private rental prices paid by tenants in the UK](#) since July 2016 was seen in March 2022, at 2.4%.

Additionally, those who are currently paying off a mortgage on a Standard Variable Rate (SVR) will have likely seen an increase in their housing payments. Since November 2021, the [average floating mortgage](#) interest rate has increased by 0.2 percentage points. Despite the recent increases in the [Bank Rate](#), the average floating mortgage interest rate is around 0.5 percentage points lower than the 2019 average.

In March 2022 (16 to 27 March 2022), among those paying off a mortgage or rent, 30% reported it very or somewhat difficult to afford rent or mortgage payments. The differences in reported increases between rents and mortgage payments are reflected in those reporting it either somewhat or very difficult to afford housing costs, with renters (39%) more likely to report some difficulty than mortgagors (21%).

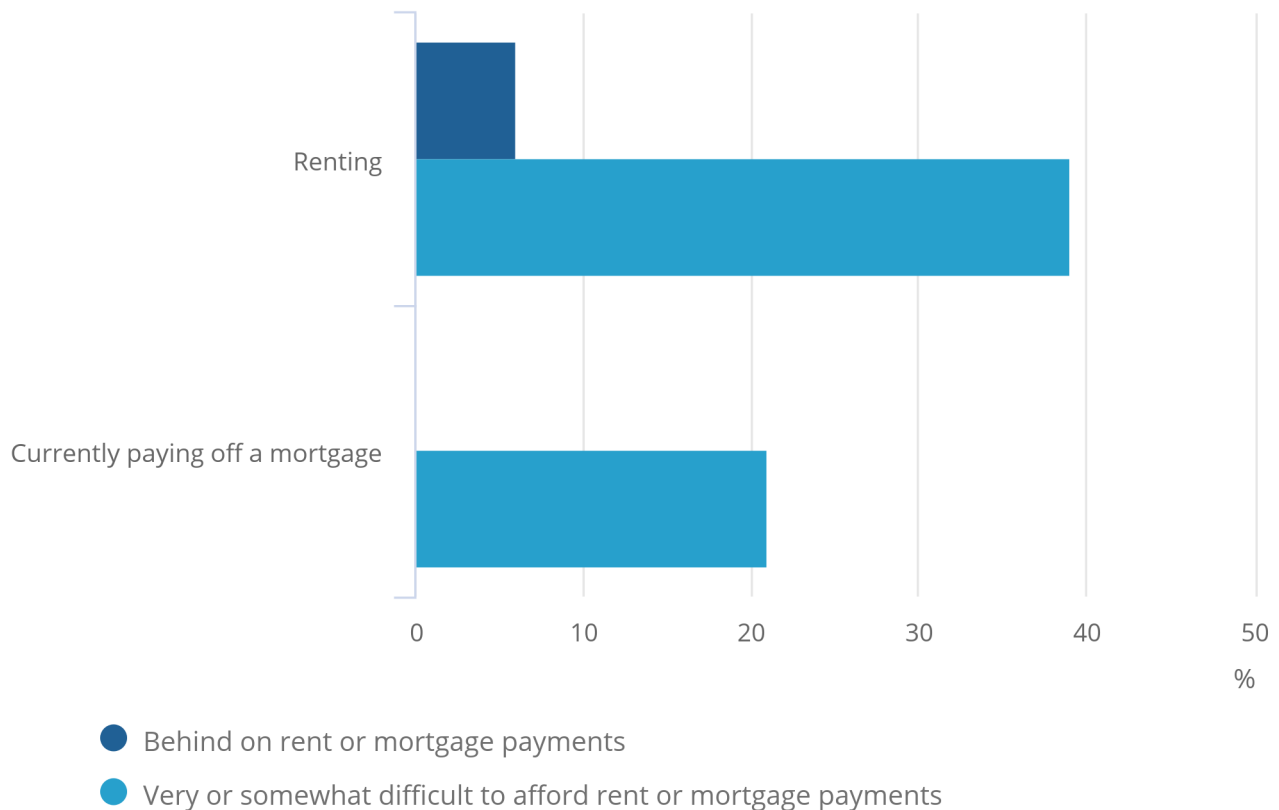
Despite around 30% of those paying off a mortgage or rent reporting difficulty to afford housing costs, only 3% of adults claimed to be behind on rent or mortgage payments (16 to 27 March 2022), with less than 1% of mortgagors reporting mortgage arrears. Data from the English Housing Survey show [historically mortgage arrears have remained low](#), being at or below 2% since 2011 to 2012.

Figure 5: Renters are more likely than mortgagors to report difficulty in paying housing costs

Adults currently paying off a mortgage and/or loan, or rent, or shared ownership in Great Britain, 16 to 27 March 2022

Figure 5: Renters are more likely than mortgagors to report difficulty in paying housing costs

Adults currently paying off a mortgage and/or loan, or rent, or shared ownership in Great Britain, 16 to 27 March 2022



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

Notes:

1. Questions: Among those who are currently paying off a mortgage and/or loan, or rent, or shared ownership "How easy or difficult is it to afford your rent or mortgage payments?", "Are you behind on your rent or mortgage payments?"

Of those currently paying rent, 6% reported being behind on rent payments in March 2022 (16 to 27 March 2022). [Arrears are consistently higher in the social rented sector than the private rented sector and owner occupiers.](#) Data from the OPN show those living in the most deprived areas accounted for the largest share of adults who were behind on housing payments.

5 . Impact of increased costs of living on financial resilience

Those adults who see a rise in their cost of living may struggle financially as a result. The Opinions and Lifestyle Survey (OPN) asks a series of questions on financial vulnerability, borrowing, credit and savings. These measures can be used to understand financial resilience and the extent to which different groups can absorb increases in their cost of living.

Unable to afford an unexpected expense

The trend in adults reporting that they could not afford to pay an unexpected, but necessary, expense of £850 has remained relatively stable from 3 to 14 November 2021 (27%) to 16 to 27 March 2022 (29%). While this measure of financial vulnerability has remained stable, there are significant differences across different personal characteristics.

Previous ONS analysis which uses logistic regression techniques to assess the likelihood of not being able to afford an unexpected expense after controlling for a range of characteristics shows that between 6 January and 27 February, [those on the lowest incomes \(less than £20,000\) and renters had the highest likelihood of reporting that their household could not afford an unexpected expense](#) relative to their reference groups (individual income of £50,000 or more and own their home outright respectively).

Figure 6: Adults on lower incomes were more likely to report their household could not afford an unexpected expense when compared with adults with an income of £50,000 or more per year

All adults in Great Britain, 6 January to 27 February 2022

Notes:

1. Question: "Could your household afford to pay an unexpected, but necessary, expense of £850?"

Download the data

[.xlsx](#)

Borrowing and use of credit

In March 2022 (16 to 27 March 2022), 17% of adults reported borrowing more money or using more credit than they did a year ago. Despite reported increases in the cost of living, this measure has remained relatively stable since November 2021 (3 to 14 November 2021).

A potential explanation of this is the use of savings to cover usual bills. Data collected for the most recent period (16 to 27 March 2022) show around 1 in 4 (26%) adults, who reported that their household finances were being affected by the coronavirus (COVID-19) pandemic, reported using savings to cover living costs. During the pandemic (financial year ending (FYE) 2021), [household spending fell by more relative to income](#) across all income groups. This provided households with a greater opportunity to save or ease financial pressures.

A further explanation for less pressure on individual and household finances is changes in consumption behaviours. Since December 2021 (15 December 2021 to 3 January 2022) the most common reported action following an increase in the cost of living was spending less on non-essentials. In the most recent period (16 to 27 March 2022) more than half (54%) reported spending less on non-essential goods and services. Around 1 in 3 of those who reported an increase in their cost of living also reported spending less on food shopping, or shopping around more. Affordability concerns may explain some of the [falls in food store sales volumes](#) in recent months.

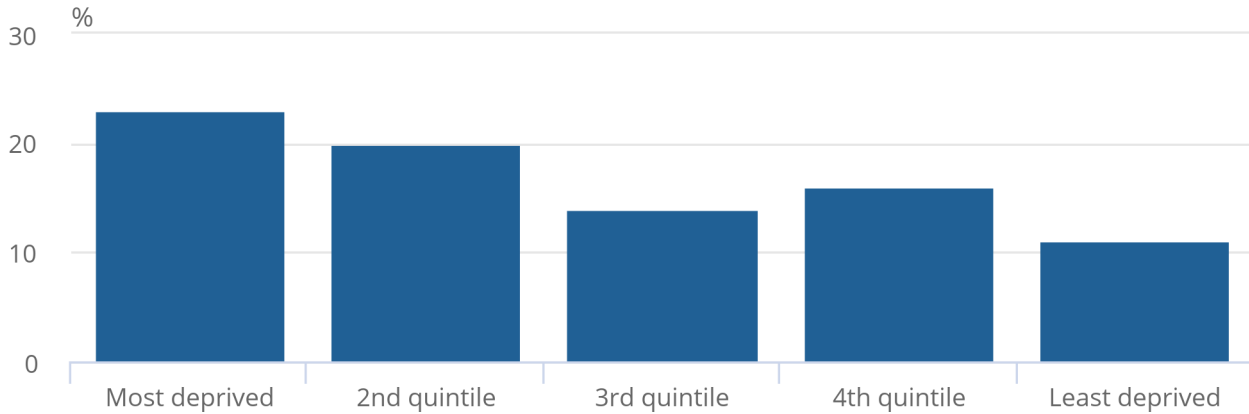
There are significant differences in the use of credit and borrowing across personal characteristics, with adults living in the most deprived areas of England (23%) twice as likely to report that they had borrowed more money or used more credit than usual compared with adults living in the least deprived areas of England (11%).

Figure 7: Around 2 in 10 (23%) adults living in the most deprived areas reported that they had borrowed more money compared with a year ago

All adults in England, 16 to 27 March 2022

Figure 7: Around 2 in 10 (23%) adults living in the most deprived areas reported that they had borrowed more money compared with a year ago

All adults in England, 16 to 27 March 2022



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

Notes:

1. Question: "Have you had to borrow more money or use more credit than usual in the last month, compared to a year ago?"
2. Deprivation measure based on the English Index of Multiple Deprivation, see [glossary](#).

The ability to save

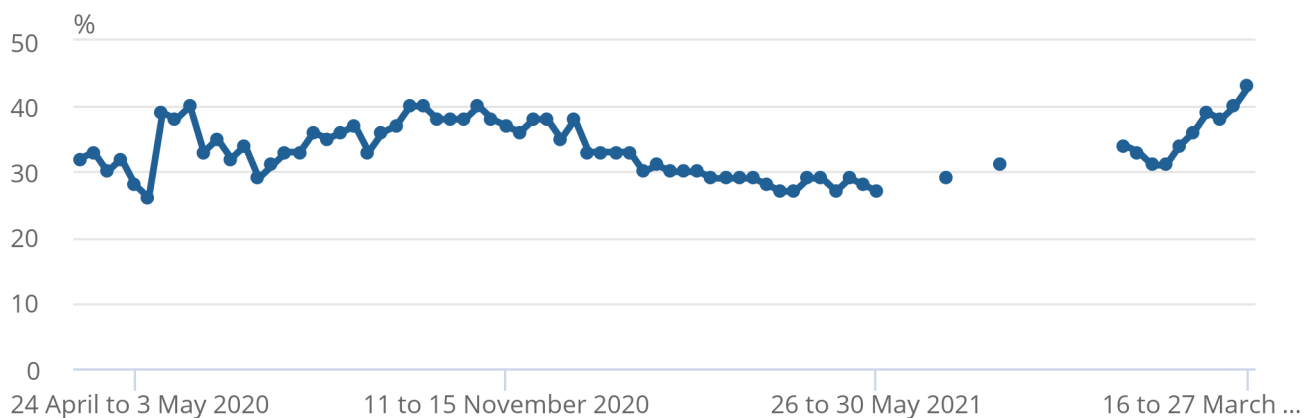
While most adults are not reporting an increase in borrowing and the use of credit, the ability to save is being eroded by increases in the cost of living, if [earnings are not increasing at the same rate](#). In March 2022 (16 to 27 March 2022), 43% of adults reported that they would not be able to save money in the next 12 months. This is the highest percentage since the question was first asked in March 2020 (27 March to 6 April 2020).

Figure 8: The number of adults reporting that they would not be able to save money has increased since the beginning of 2022

All adults in Great Britain, 27 March to 6 April 2020 to 16 to 27 March 2022

Figure 8: The number of adults reporting that they would not be able to save money has increased since the beginning of 2022

All adults in Great Britain, 27 March to 6 April 2020 to 16 to 27 March 2022



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

Notes:

1. Question: "In view of the general economic situation do you think you will be able to save any money in the next 12 months?"
2. Breaks in the trend line represent extended periods of time where data on this question were not collected.

The ability for adults to save money has changed over the course of the last two years. At the start of the coronavirus pandemic, the percentage of adults who reported they would not be able to save money in the next 12 months fluctuated between 26% and 40%. Following the end of 2020, the number of adults who did not think they would be able to save steadily decreased until the autumn of 2021. Since autumn 2021, increased cost of living has coincided with more adults reporting that they would not be able to save any money in the next 12 months.

Adults living in the most deprived areas of England were more likely to report not being able to save in the next 12 months than adults living in the least deprived areas of England. In March 2022 (16 to 27 March 2022), more than half (55%) of those living in most deprived areas reported not having the ability to save in the next 12 months; an increase from 39% in November 2021 (3 to 14 November 2021).

In contrast, between 16 and 27 March 2022, 34% of adults living in the least deprived areas of England reported that in view of the general economic situation, they would not be able to save any money in the next 12 months. This was a smaller increase (4 percentage points) from November 2021 (3 to 14 November 2021) than those living in the most deprived areas.

Our previous analysis shows that restrictions on recreational spending and behavioural changes contributed to [lower spending in FYE 2021](#). While spending was lower for all groups, higher-income households reported a larger spending drop relative to their income than those on lower incomes, providing them with greater opportunity to save or ease financial pressures.

Moreover, between July 2020 and July 2021, those with an annual income under £20,000 were one-and-a-half times as likely to be using their savings than those on higher incomes to cover living costs. More recent data from the OPN suggest the current ability to save is worsening for low-income groups relative to high-income groups.

6 . Data

[The rising cost of living and its impact on individuals in Great Britain: November 2021 to March 2022](#)

Dataset | Released on 25 April 2022

Analysis of how different groups of the population have been affected by an increase in their cost of living.

7 . Glossary

Area deprivation, England

Area deprivation is measured using the [Index of Multiple Deprivation \(IMD\)](#). This is the official measure of relative deprivation for small areas in England. We have grouped areas into five groups (quintiles), ranging from most deprived to least deprived areas. This article uses the IMD for England only, methodological differences mean it is not possible to make direct comparisons between area deprivation in England, Scotland and Wales.

Income bands

The income bands generated and used in this article are derived from an Opinions and Lifestyle Survey (OPN) question, which asks respondents about their total pre-tax weekly earnings from all sources. The question asks, "Which band represents your total personal income before all deductions?". We have scaled the values to be representative of annual earnings and then grouped the responses into five income bands.

8 . Data sources and quality

Opinions and Lifestyle Survey (OPN)

This article contains data and indicators from a module being undertaken through the Office for National Statistics (ONS's) Opinions and Lifestyle Survey (OPN) to understand the impact of the coronavirus (COVID-19) pandemic on British society.

Breakdowns by age, sex, region, and country, including [confidence intervals](#) for the estimates, are contained in our [Coronavirus and the social impacts on Great Britain dataset](#).

Where changes in results from previous weeks are presented in this article, associated confidence intervals should be used to assess the [statistical significance](#) of the differences.

Sampling and weighting

The latest analysis in this article is based on the period between 16 and 27 March 2022, with 4,471 households sampled. These were randomly selected from those that had previously completed the Labour Market Survey (LMS) or OPN. The responding sample contained 3,100 individuals, representing a 69.3% response rate.

Survey weights were applied to make estimates representative of the population (based on June 2021 population estimates). More quality and methodology information on the Opinions and Lifestyle Survey (OPN) and its strengths, limitations, appropriate uses, and how the data were created is available in our [Opinions and Lifestyle Survey Quality and Methodology Information](#).

9 . Related links

[Impact of increased cost of living on adults across Great Britain: November 2021 to March 2022](#)

Article | Released 30 March 2022

Analysis of the proportion of the population affected by an increase in their cost of living and the individual characteristics associated with not being able to afford an unexpected expense, using data from the Opinions and Lifestyle Survey.

[Coronavirus and the social impacts on Great Britain: 1 April 2022](#)

Bulletin | Released 1 April 2022

Indicators from the Opinions and Lifestyle Survey (covering 16 to 27 March 2022) of the impact of the coronavirus (COVID-19) pandemic on people, households and communities in Great Britain.

[The cost of living, current and upcoming work: March 2022](#)

Article | Released 2 March 2022

A summary of ONS's current and future analytical work related to the cost of living.

[Weekly household spending fell by more than £100 on average during the coronavirus pandemic](#)

Article | Released 13 September 2021

Restrictions on buying certain goods and services alongside drops in income during the pandemic led to a reduction in average household spending.