

Article

# Impact of increased cost of living on adults across Great Britain: November 2021 to 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.

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# 1 . Main points

- Over 8 in 10 (83%) adults reported an increase in their cost of living in March 2022 (3 to 13 March 2022) compared with around 6 in 10 (62%) adults in November 2021 (3 to 14 November 2021).
- In early 2022 (6 January to 27 February 2022), an increase in the price of food shopping (90%), gas or electricity bills (79%) and the price of fuel (71%) were the most common reasons reported by adults who said that their cost of living had increased.
- In early 2022 (6 January to 27 February 2022), 29% of adults reported that their household could not afford an unexpected, but necessary, expense of £850.

Our analysis also looked at which adults were most likely to be unable to afford an unexpected, but necessary, expense of £850 after controlling for a range of characteristics in early 2022 (6 January to 27 February 2022):

- Adults on the lowest incomes, those renting their homes or those with no formal qualifications were most likely to report they could not afford this unexpected expense.
- Analysis also found that parents of dependent children, adults who were divorced or separated, disabled adults, and those living outside of London, the South East and South West were more likely to report they could not afford this unexpected expense.

## 2 . Overview

This article uses data from the Opinions and Lifestyle Survey (OPN) to look at trends in the perceived cost of living and uses affordability of an unexpected expense as a measure of financial vulnerability to identify groups that may be most at risk because of individual circumstances.

Adults taking part in the OPN were asked a series of questions about their financial situation, including if their cost of living has changed in the past month and if their household could afford to pay an unexpected, but necessary, expense of £850. These measures can be used to identify groups that may be experiencing a rise in their cost of living and may struggle financially as a result.

### 3 . Changes in the cost of living

The number of adults reporting an increase in their cost of living has increased over time. Around 8 in 10 (83%) adults reported an increase in their cost of living in March 2022 (3 to 13 March 2022) compared with around 6 in 10 (62%) adults in November 2021 (3 to 14 November 2021).

Over the same period, the proportion of adults who reported they could not afford an unexpected, but necessary, expense of £850 has showed signs of increasing but is not [statistically significant](#), with around 3 in 10 adults reporting this in November 2021 (27%) and March 2022 (29%).

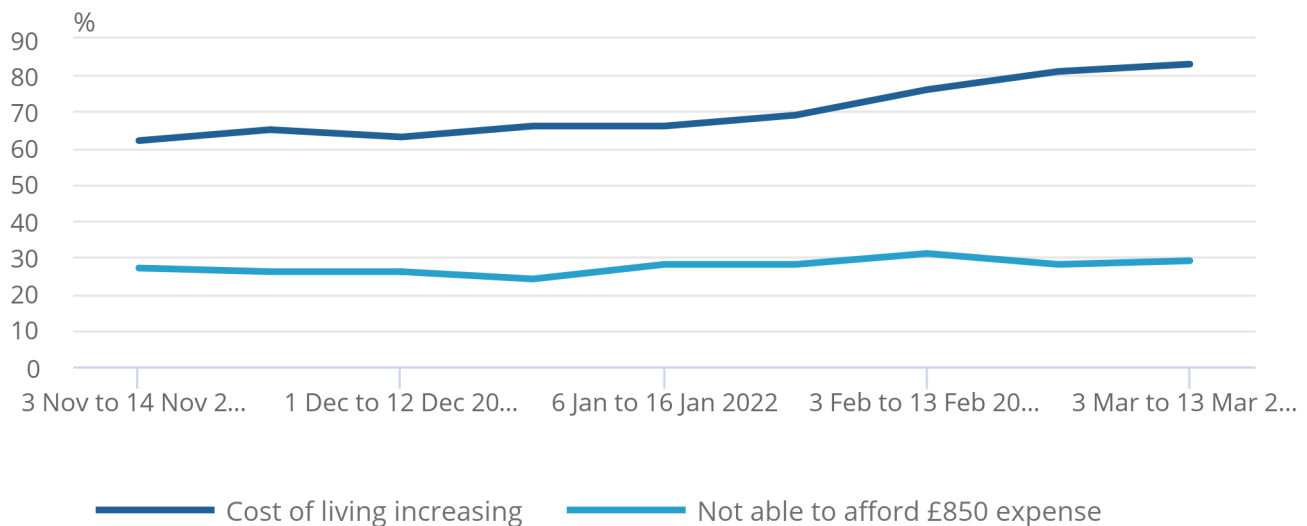
The measure of households who are unable to afford an unexpected, but necessary, expense of £850 provides an indicator of financial vulnerability and helps identify households that may not be able to absorb a cost of living increase.

**Figure 1: Around 8 in 10 adults reported their cost of living increased in March 2022**

Great Britain, 3 to 14 November 2021 to 3 to 13 March 2022

#### Figure 1: Around 8 in 10 adults reported their cost of living increased in March 2022

Great Britain, 3 to 14 November 2021 to 3 to 13 March 2022



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

**Notes:**

1. Questions: “Over the last 12 months, has your cost of living changed?”, “Could your household afford to pay an unexpected, but necessary, expense of £850?”
2. Base: All adults.

In early 2022 (6 January to 27 February 2022), the most common reasons reported by adults who said their cost of living had increased were:

- an increase in the price of food shopping (90%)
- an increase in gas or electricity bills (79%)
- an increase in the price of fuel (71%)

In early 2022, the most common actions reported by adults who said their cost of living had increased were:

- spending less on non-essentials (51%)
- shopping around more (36%)
- using less fuel such as gas or electricity at home (34%)
- spending less on food shopping and essentials (31%)

There are strong seasonal spending patterns relating to gas and electricity that may affect the results presented in this section. For more information on this and recent price rises for gas and electricity, please see the latest [Consumer price inflation statistics](#) and [Energy prices and their effect on households](#) publications. The latest cost of living indicators are published in [Economic activity and social change in the UK, real-time indicators](#).

## **Increased cost of living by personal characteristics**

In early 2022 (6 January to 27 February 2022), a greater proportion of older adults reported their cost of living has increased compared with younger adults. Around 8 in 10 older adults reported that their cost of living had increased:

- 78% of 45- to 54-year-olds
- 82% of 55- to 64-year-olds
- 81% of 65- to 74-year-olds
- 79% of adults 75 years and older

This is compared with around 4 in 10 (42%) adults aged 16 to 24 years and around 7 in 10 (69%) adults aged 25 to 34 years.

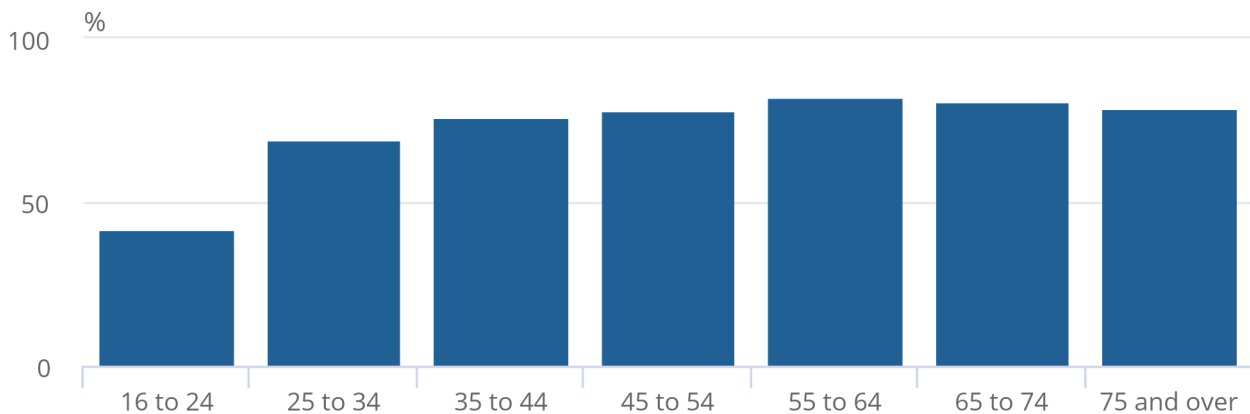
The reasons for this are likely to be complex, but we might expect to see fewer younger adults reporting a rise in their cost of living because of [a higher proportion of younger adults living with parents](#).

**Figure 2: Older adults were more likely to report that their cost of living has increased compared with younger adults**

Great Britain, 6 January 2022 to 27 February 2022

Figure 2: Older adults were more likely to report that their cost of living has increased compared with younger adults

Great Britain, 6 January 2022 to 27 February 2022



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

Notes:

1. Base: All adults.

More information on which groups were more likely to report a cost of living increase can be found in our [accompanying dataset](#) on the impact of increased cost of living on adults across Great Britain.

## 4 . Characteristics of adults who are unable to afford an unexpected expense

In early 2022 (6 January to 27 February 2022), 29% of adults reported that their household could not afford an unexpected, but necessary, expense of £850.

To better understand the impact that a rise in the cost of living may have on different groups based on personal characteristics, this section explores the characteristics most associated with adults reporting that their household could not afford an unexpected, but necessary, expense of £850.

First, we present the proportion of adults who reported that their household could not afford an unexpected expense. We then present findings from a logistic regression analysis that assesses the likelihood of not being able to afford an unexpected expense after controlling for a range of characteristics.

By identifying groups that are unable to afford an unexpected expense, we can identify those groups who may be most impacted by a rise in the cost of living. If a particular group has an odds ratio of more than 1, they are more likely to report that their household could not afford an unexpected expense than the reference group.

For more information on the characteristics included in the regression analysis, see [Section 5: Information on regression models](#).

### Income

One-third (33%) of adults on an income of £10,000 or less per year reported that their household could not afford an unexpected expense compared with 23% who earn between £30,000 and £40,000 per year and 7% who earn £50,000 or more per year.

After controlling for other characteristics, lower income groups were found to have some of the highest odds of reporting that their household could not afford an unexpected expense. Adults with a personal income of less than £20,000 per year had over eight times higher odds of reporting that their household could not afford an unexpected expense than adults with an income of £50,000 or more per year. Adults in all other income groups below £50,000 were also significantly more likely to report that they could not afford an unexpected expense than adults with an income of £50,000 or more per year.

### Figure 3: Adults on lower incomes had some of the highest odds of reporting that their household could not afford an unexpected expense when compared with adults with an income of £50,000 or more per year

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

#### Download the data

[.xlsx](#)

## Housing tenure

Around half (53%) of adults who rent their home reported that they could not afford an unexpected expense compared with 1 in 10 (13%) adults who own their property outright.

After controlling for other characteristics, the odds of reporting that their household could not afford an unexpected expense were over six times as high for adults who rented (odds ratio equals 6.88) compared with adults who owned their property outright.

Adults with a shared ownership property (odds ratio equals 3.48) and adults paying off a mortgage (odds ratio equals 2.13) were also more likely to report that their household could not afford an unexpected expense than adults who owned their property outright.

### **Figure 4: Adult renters had the highest odds of reporting that their household could not afford an unexpected expense, when compared with adults who own their property outright**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

#### Download the data

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## Education

Around 1 in 3 adults with no qualifications (35%) and educated below degree level (33%) reported that their household could not afford an unexpected expense compared with 19% of adults educated to degree level or equivalent.

After controlling for other characteristics, adults with no qualifications (odds ratio equals 4.44) had over four times higher odds of reporting that their household could not afford an unexpected expense than adults with a degree level or equivalent.

### **Figure 5: Adults with no qualifications had the highest odds of reporting that their household could not afford an unexpected expense, when compared with adults educated to degree level or equivalent**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

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## Parental status

A greater proportion of parents with dependent children (41% with a dependent child between 0 and 4 years and 40% of parents with a dependent child aged 5 years or over) reported their household could not afford an unexpected expense compared with non-parents or parents not living with a dependent child (25%).

After controlling for other characteristics, parents of dependent children had over two times higher odds of reporting that their household could not afford an unexpected expense than parents without dependent children.

### **Figure 6: Parents had higher odds of reporting that their household could not afford an unexpected expense, when compared with non-parents**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

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## Marital status

Around half (48%) of adults who were divorced or separated and around 1 in 3 adults who were single (36%) reported that their household could not afford an unexpected expense compared with around 2 in 10 adults who were in a relationship (married, cohabiting or have a civil partner, 23%) or widowed (22%).

After controlling for other characteristics, adults who were divorced or separated (odds ratio equals 2.72) had over two times higher odds of not being able to afford an unexpected expense compared with those who were married, cohabiting or in civil partnerships.

### **Figure 7: Adults who were divorced or separated had the highest odds of reporting that their household could not afford an unexpected expense, compared with adults who were either married, cohabiting or in a civil partnership**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

#### Download the data

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## Region (including Wales and Scotland)

A higher proportion of adults living in the North East (37%) and the North West (33%) reported their household could not afford an unexpected expense compared with adults living in London (24%), the South East (25%) and the South West (26%).

After controlling for other characteristics, adults from all regions except for the South West and the South East were more likely to report that their household could not afford an unexpected expense compared with those living in London. The odds of reporting that their household could not afford an unexpected expense were over twice as high in the North East (odds ratio equals 2.16) than for adults living in London.

### **Figure 8: Adults living in all regions except for the South West and the South East had higher odds of reporting that their household could not afford an unexpected expense, when compared with adults living in London**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

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## Age

A greater proportion of younger adults (29% aged 16 to 24 years, 36% aged 25 to 34 years, 34% aged 35 to 44 years and 33% aged 45 to 54 years) reported that their household could not afford an unexpected expense compared with 19% of adults aged 65 to 74 years and 16% of adults aged 75 years and over.

After controlling for other characteristics, adults aged 25 to 54 years were more likely to report that their household could not afford an unexpected expense than adults aged 75 years and over. Adults aged 25 to 34 years had the highest odds (odds ratio equals 1.78) of all age groups.

There was no [statistically significant](#) difference between those aged 16 to 24 years when compared with those aged 75 years and over. The reasons for this are likely to be complex, with those aged 16 to 24 years also less likely to report an increase to their cost of living, and with a higher proportion of this age group [living with parents](#).

### **Figure 9: Adults aged between 25 and 54 years were more likely to report that their household could not afford an unexpected expense than adults aged 75 years and over**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

#### Download the data

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## Disability

Around 4 in 10 (39%) disabled adults said their household could not afford an unexpected expense compared with around 1 in 4 (24%) non-disabled adults.

After controlling for other characteristics, disabled adults (odds ratio equals 1.77) were more likely to report that their household could not afford an unexpected expense compared with adults without a disability.

### **Figure 10: Disabled adults had higher odds of reporting that their household could not afford an unexpected expense, compared with non-disabled adults**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

#### Download the data

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## Employment status

Adults who were unemployed (50%) or economically inactive for other reasons (42%) were more likely to report that their household could not afford an unexpected expense compared with those who were employed or self-employed (30%) and adults who were retired (16%).

After controlling for other characteristics, adults who were unemployed (odds ratio equals 1.59) were more likely to report that their household could not afford an unexpected expense compared with adults who were employed. Adults who were retired (odds ratio equals 0.55) were less likely to report that their household could not afford an unexpected expense compared with adults who were employed.

### **Figure 11: Retired adults were less likely to report that their household could not afford an unexpected expense compared with adults who were employed**

Great Britain, 6 January 2022 to 27 February 2022

#### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

#### Download the data

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## Ethnicity

Around half (47%) of Black or Black British, and one-third (33%) of Asian or Asian British adults said their household could not afford an unexpected expense. In comparison, 28% of White adults reported this.

After controlling for other characteristics, Asian or Asian British adults (odds ratio equals 1.50) were more likely than White adults to report not being able to afford an unexpected expense. However, after controlling for other factors, the difference between Black or Black British adults and White adults was no longer significant.

## Figure 12: Asian or Asian British adults were more likely to report that their household could not afford an unexpected expense compared with White adults

Great Britain, 6 January 2022 to 27 February 2022

### Notes:

1. An [odds ratio](#) indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic.
2. Figures 3 to 12 present results from the same model.

### Download the data

[.xlsx](#)

## Area deprivation

Among adults living in England, almost half (49%) living in the most deprived areas (based on the English Index of Multiple Deprivation) reported that they could not afford an unexpected expense compared with around 1 in 6 (16%) adults living in the least deprived areas.

Area deprivation data were only available for England and so we are unable to control for other characteristics in our regression model.

## 5 . Regression analysis

Regression analysis allows us to identify someone with a particular characteristic reporting higher or lower odds of not being able to afford an unexpected, but necessary, expense of £850 when compared with a specified reference group, after taking other possible characteristics into account.

For example, if a particular group has an odds ratio of more than 1, they are more likely than the reference group to report that they could not afford an unexpected, but necessary, expense of £850 when compared with the reference group.

We carried out a logistic regression analysis to identify the individual characteristics associated with reporting that their household could not afford to pay an unexpected, but necessary, expense of £850. The logistic regression analysis makes use of OPN data pooled over four waves, between the period 6 January 2022 and 27 February 2022 to allow for detailed analysis between groups.

The analysis from the regression model presented in this article identifies differences between adults who reported that their household could not afford an unexpected, but necessary, expense of £850 (dependent variable) when compared with adults that reported that they could afford an unexpected expense, while controlling for the following characteristics (independent variables):

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

## Regression models

Three logistic regression models were produced to explain the relationships between the dependent variable and a range of characteristics. These were:

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

The results of the fully adjusted model are presented in the article and the results for all three regression models can be found in the [accompanying dataset](#) on the impact of increased cost of living on adults across Great Britain.

## Selection of independent variables

The selection of independent variables included in the fully adjusted regression models was based on:

- data quality: selecting variables with accurate measurement and sufficient sample size
- assessment of suitability: excluding variables with multicollinearity (where two independent variables are highly correlated with each other)

Missing values were excluded from the regression analysis where a response was not provided for a question or variable included in the model. As a result, 11,540 adults were included in the regression model analysis.

A full breakdown of sample sizes and population estimates for each of the characteristics included in the fully adjusted regression model are available in the [accompanying dataset](#) on the impact of increased cost of living on adults across Great Britain.

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

[Impact of increased cost of living on adults across Great Britain](#)

Dataset | Released 30 March 2022

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.

## 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.

### Disability status

To define disability in this publication, we refer to the [Government Statistical Service \(GSS\) harmonised "core" definition of disability](#): this identifies "disabled" as a person who has a physical or mental health condition or illness that has lasted or is expected to last 12 months or more that reduces their ability to carry-out day-to-day activities. The GSS harmonised questions are asked of the respondent in the survey, meaning that disability status is self-reported.

### Ethnicity

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

The five-category ethnicity breakdown includes:

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

### Highest education level

Highest education level is derived based on the highest qualification reported by the respondent. "Below degree level" includes higher educational qualifications below degree level, A-Levels or Highers, ONC or National Level BTEC, O-Level or GCSE equivalent (Grade A to C), CSE equivalent, GCSE (Grade D to G) or CSE (Grade 2 to 5) or Standard Grade (Level 4 to 6).

"Other qualifications" represents all other qualifications not listed, excluding degree level and equivalent. "No qualifications" refers to adults who have no formal qualifications.

## Odds ratio

An odds ratio indicates the likelihood of reporting that their household could not afford an unexpected, but necessary, expense of £850 given a particular characteristic. When a characteristic has an odds ratio of one, this means there is neither an increase nor a decrease in the likelihood reporting that their household could not afford an unexpected expense compared with the reference category. An odds ratio greater than one indicates an increased likelihood of reporting their household could not afford unexpected expense compared with the reference category. An odds ratio less than one indicates a decreased likelihood of reporting their household could not afford unexpected expense compared with the reference category.

## Parent status

An adult is defined as a parent if they are living with a dependent child who is their son, daughter, stepson or stepdaughter. A dependent child is any child under the age of 16 years or aged 16 to 18 years and in full-time education.

# 8 . Data sources and quality

## Quality

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

## Sampling

The analysis throughout this article is based on adults aged 16 years and over in Great Britain. The latest analysis in this report is based on 13,030 adults (reduced to 11,540 for the regression analysis) from a pooled dataset comprising four waves of data collection, covering the following periods: 6 to 16 January 2022, 19 to 30 January 2022, 3 to 13 February 2022 and 16 to 27 February 2022. Pooling four waves of data together increases sample sizes, allowing us to carry out detailed analysis for different groups of the population.

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

## Weighting

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

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

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

## Statistical significance

This report presents a summary of results, with further data including [confidence intervals](#) for the estimates contained in the associated datasets. Where comparisons between groups are presented, 95% confidence intervals should be used to assess the [statistical significance](#) of the change. In some cases, additional statistical hypothesis testing was performed to identify differences between groups.

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

## 9 . Related links

[Coronavirus and the social impacts on Great Britain: 18 March 2022](#)

Bulletin | Released fortnightly

Indicators from the Opinions and Lifestyle Survey (covering 3 to 13 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' current and future analytical work related to the cost of living.