

A photograph showing a person in a plaid shirt pouring soup from a pot into a bowl. A young man wearing a brown beanie and a dark hoodie is sitting at a wooden table, looking down at the bowl. The background is a kitchen with a stove and cabinets.

AUTUMN INCOME SHOCK:

HOW ARE RISING LIVING
COSTS AFFECTING PEOPLE?

Results from PayPlan's Autumn
2021 survey



INTRODUCTION

PayPlan conducted the Autumn Income Shock Survey to help the Government and support services see how the rising cost of living has affected the financial welfare of people across the UK.

The survey polled over 1,500 individuals; most respondents were in employment but still found that increased energy costs, the end of the Universal Credit uplift and other general price rises has made it more difficult to buy essential items and to pay bills.

The results shown in the survey demonstrate the struggles of everyday people who face the dramatic rise in the cost of living.

If you'd like more information on our survey findings, please email online@payplan.com

KEY FINDINGS

- Rising energy prices will affect 30% of people's ability to put food on the table
- 57% will have to cut back on groceries and toiletries
- 50% of respondents said they could not meet household bills since the Universal Credit uplift ended
- Over 30% said increased energy costs were having a negative impact on their mental health
- 16% of respondents said rising living costs would force them to turn to food banks over the Autumn and Winter

2021 AUTUMN INCOME SHOCK SURVEY

HOUSING



With rising costs of living,

50% of respondents

say they won't be able to meet their household bills

20% of respondents

say now they're **not receiving** the additional

£20 Universal Credit every week, it will affect their ability to continue to live where they are

ENERGY



- **90% say increased gas/electricity prices** will have the biggest impact on finances
- A third say it will **impact their mental health**
- **Nearly half (46%)** say they won't be able to pay household bills

UNIVERSAL CREDIT

Now the additional £20 Universal Credit uplift has been removed:

50%

of respondents say they won't be able to meet their essential costs

53%

say their mental health will be affected

66%

say the reduction in money will affect their ability to make household payments

56%

say they won't be able to put food on the table

FOOD



16%

of people say rising living costs will mean they need to use a food bank during Autumn and Winter

EMPLOYMENT



25%

of people say they're at **risk of a reduction in hours** now furlough has ended

10%

of respondents feel they're at **risk of redundancy** now furlough has ended

Now that lockdown restrictions have eased:

- **Three quarters of people** are worried about the cost of fuel for travelling to work
- **40% of people are worried** about the cost of public transport and parking when going back to work

2021 AUTUMN INCOME SHOCK SURVEY

At some point, probably during the coldest months, I am worried that I may have to choose between heating and eating properly.

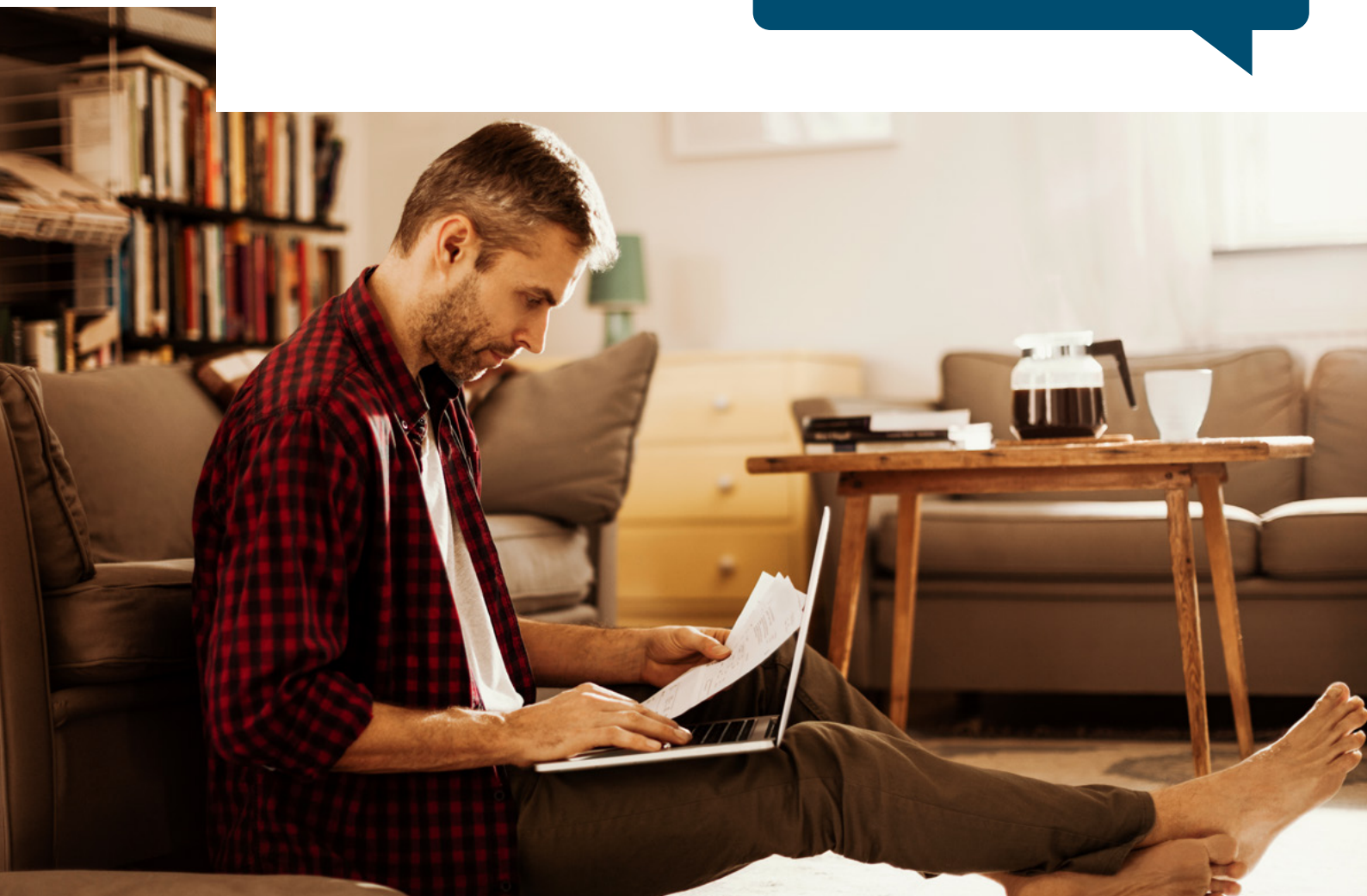
The rising gas and electricity costs are worrying. We will manage but it will be tighter. Some weeks we will have next to nothing for extras.

To make ends meet, I'll probably have to work overtime, including more weekends. This unfortunately means I won't see my family or grandkids much at all.

Due to rising living costs, I have stopped watching TV and have cancelled my licence, which was my only form of entertainment.

I'm going to cut back on petrol and dental costs and I might have to cancel my pet insurance and house insurance policies as well.

Our living costs are spiralling out of control. It means I will have to cut back even more on food and not put the heating on unless it's absolutely freezing.



WHAT PAYPLAN SAYS:

Rachel Duffey, Chief Executive of PayPlan, explains how inflation and the ever-increasing cost of living is impacting everyday people:

"You only have to look at the news to see people will find it harder to cope this Christmas. Inflation is rising and putting pressure on everyday people who are trying to make ends meet. On top of the increased spending we typically see over the Christmas period, this is a real worry.

"The survey shows it's not just people's wallets that suffer as a result of increased living costs, it's their mental wellbeing too. It could be a tough Christmas for a lot of people this year and we know the impacts are always far longer-term.

"We know the Government has put some support measures in place, but these are difficult to navigate, especially for people who are already stressed and worried.

We'd really encourage people to reach out for help sooner so they can talk their options through with someone in a simple, straightforward way.

The earlier they come to us, the sooner we'll be able to support them."



CASE STUDY

We spoke to one of our new clients recently about what rising living costs mean for her, and how getting professional debt advice can help ease the strain.

She found herself in financial difficulty as a result of rising costs and her Universal Credit reducing. She shared how she's been affected:

How have the rising living and energy prices affected you and your family?

I found myself starting to struggle in the summer months when my energy supplier went bust and I switched to one that cost significantly more. I was living to my means and when the Universal Credit reduction happened in October, I found I couldn't afford to pay my debts and bills.

How has contacting PayPlan helped you?

I've never had a budget before. I just knew that I didn't have anything left at the end of the month. My adviser helped me realise that because I was paying so much to my credit cards and catalogue, I didn't have enough to pay my other debts and bills.

Also because my energy was costing me so much more now I'd fallen into arrears with my provider. PayPlan helped me to figure out what I could afford to pay extra each month to get back on track so I wouldn't fall behind again.

What advice would you give to someone else who might be struggling with the increasing cost of living?

I would recommend contacting PayPlan for some advice; making a budget has changed my outlook on life and has made things a lot easier for me and my family. I've entered a Debt Management Plan (DMP) now. I make one payment each month to my debts, instead of trying to juggle who is going to be paid each month. It's helped me focus on keeping up-to-date with our essential costs.



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