

# The long shadow of the cost of living emergency



collective  
wellbeing  
**Carnegie**  
UK

## Acknowledgments

This report was written by Amy Baker and Hannah Paylor and designed by Alison Manson. It draws on the research and evidence generously shared by people living in the UK, as part of a YouGov survey exploring the impact of rising living costs on collective wellbeing. We are grateful for the insights and support of the wider Carnegie UK team.

The image on the cover was taken by documentary photographer, activist and filmmaker, Kirsty Mackay.

We would like to acknowledge the New Economy Organisers Network (NEON) messaging and narrative guide<sup>1</sup> which we found to be a useful resource when considering the framing of our arguments.

April 2023

1 New Economy Organisers Network (2023). Cost of Living. Available at: <https://www.neweconomyorganisers.org/work/support-resources/messaging-narrative>

ISBN 978-1-912908-86-8



The text of this work is licensed under the Creative Commons Attribution-ShareAlike 3.0 Unported License. To view a copy of this license visit, <http://creativecommons.org/licenses/by-sa/3.0/> or send a letter to Creative Commons, 444 Castro Street, Suite 900, Mountain View, California, 94041, USA

# Contents

Summary: The long shadow of the cost of living emergency	3
Rising living costs: A serious threat to collective wellbeing	5
"I'm finding it hard to sleep and just running numbers around my head."	9
"I can barely afford to exist."	13
"I'm frightened to think what is next."	17
Spend now, to save later	23



---

## 2 The long shadow of the cost of living emergency



*Photo credit: Kirsty Mackay, 2023*

### **About Kirsty Mackay**

Kirsty Mackay is a documentary photographer, activist and filmmaker.

Her research-led documentary practice highlights social issues surrounding gender, class and discrimination. She has an MA in Documentary Photography from University of South Wales, Newport.

Her current book and exhibition project *The Magic Money Tree*, is a collaborative document of the cost of living crisis. Working alongside and teaching photography to children, young people, and their families across the UK. *The Magic Money Tree*<sup>2</sup> connects the lived experience with the political and economic causes that made the UK more vulnerable and it's people more severely impacted by this crisis.

<sup>2</sup> Kirsty Mackay, 2023. Further information available at: <https://www.kirstymackay.com/>

Join the conversation online using the hashtag **#LongShadow**

# Summary: The long shadow of the cost of living emergency

**“I’m finding it hard to sleep and just running numbers round my head.”**

**Key stat:** 34% of people in the UK report an overall negative impact on how healthy their diet is, with 16% reporting a negative impact on their ability to exercise regularly.

**Key insight 1:** The financial strain of rising living costs is taking its toll on mental and physical health. It has become an all-consuming part of many people's lives, causing anxiety, stress, and impacting relationships, work/educational performance, and spending habits.

**“I can barely afford to exist.”**

**Key stat:** 50% of people say that the emergency has limited their ability to participate in leisure activities (e.g. eating out or going to the cinema).

**Key insight 2:** Rising living costs are leaving people with no other option than to stay at home, even though this means being cold, hungry, and lonely.

**“I’m frightened to think what is next.”**

**Key stat:** 56% of people in the UK think the government is offering too little support to help people through the rising cost of living.

**Key insight 3:** People living in the UK can't see when these circumstances will end. They feel no sense of control over their future or any ability to change things. People feel let down by their governments and have no sense of how long this situation will last.



# Rising living costs: A serious threat to collective wellbeing

*Rising living costs are a serious threat to wellbeing, **but it doesn't have to be this way.** In this short report, we share the findings of research undertaken in early 2023 to investigate the collective impact of the situation on most of our lives. We believe that these findings offer a case study as to why a wellbeing approach to government is needed to bring about long-term and sustainable change.*

At Carnegie UK we are advocates for collective wellbeing. This is achieved when everyone has what they need to live a good life, individually and together. As a social change organisation, we are concerned by the implications of rising living costs for tackling poverty and reducing inequalities; the quality of our relationships; and the extent to which we are able to exercise individual and collective power over our own lives.

More than health and wealth, collective wellbeing includes having a network of friends and loved ones, the ability to contribute meaningfully to society, and the ability to set our own direction and make choices about our own lives.

It is connected to concepts of sustainable development; inclusive growth; quality of life; happiness; and going 'beyond GDP.' Collective wellbeing is made up of - and places equal weight on - social, economic, environmental, and democratic (SEED) outcomes. We call this the **SEED** model, and broadly define these outcomes as:

**Social wellbeing:** we all have the services and support we need.

**Economic wellbeing:** we all have a decent minimum living standard.

**Environmental wellbeing:** we all live within the planet's natural resources.

**Democratic wellbeing:** we all have a voice in decisions that affect us.

We experience each of these domains of collective wellbeing in different aspects of our lives: our own personal wellbeing – our quality of life and our general happiness; the wellbeing of the community we are part of – where we have the assets and relationships in place to live well locally; and as a society – where we all have what we need to live well together and flourish.

**We believe it's time that governments put wellbeing at the heart of decision-making, with policymakers at all levels in the UK thinking creatively and differently about how we understand society and contribute to social progress. In our view, such an approach would stimulate an urgent and comprehensive response to the cost of living emergency.**



## How did we get here?

Rising living costs are a result of a fall in the 'real' disposable income that people up and down the country have experienced since late 2021. This is due to several factors including rising energy costs and inflation, staff shortages, and supply chain issues that have been driving up the prices of everyday items we need to get by, such as food, gas and electricity. This fall in income for the majority contrasts with an increase in income wealth amongst the highest paid workers<sup>3</sup>.

Although the emergency has been widely experienced, it is disproportionately affecting people on Universal Credit, disabled people<sup>4</sup>, and Black and minority ethnic people. With household incomes expected to increase at a much slower rate than the prices of everyday essentials over the coming years, **the scale of the situation is likely to worsen, presenting a risk to collective wellbeing.**

Carnegie UK therefore decided to investigate how rising living costs are influencing social, economic, environmental, and democratic outcomes.

Like many others researching this field, we found that the cost of living is dominating lives. However, less researched and understood until now is how the economic impact of rising living costs is significantly affecting our social and democratic wellbeing. We knew that people can't afford to pay their bills or cover the essentials. **But we found that they also can't afford to spend time with friends and family, or to exercise freedom of choice about where and how they spend their time, what they eat, and what they think about.** At Carnegie UK we know the importance of having voice and choice at a personal, community, and societal level, and we are deeply concerned by what our findings suggest. **This isn't a short-term cost of living crisis; it's a long-term – and structural - wellbeing emergency.**

## Methodology

In February, Carnegie UK commissioned YouGov to undertake a nationally and politically representative poll of adults in the UK. In order to make the poll representative, active quota sampling, paired with post-stratification random iterative method weighting was employed by YouGov. The questions were broadly framed around the four dimensions of our SEED (social, environmental, economic, democratic) model of wellbeing. We received 2366 responses, including an overwhelming response to an open, free text question which asked about the impact of the cost of living on people's everyday lives<sup>5</sup>. These responses were then coded for emergent themes, which we corroborated with statistics from the other survey questions to develop our key findings.

3 Cingano, F. 2014, "Trends in Income Inequality and its Impact on Economic Growth", OECD Social, Employment and Migration Working Papers, No. 163, OECD Publishing. Available at: <http://dx.doi.org/10.1787/5jxjrjncwxv6j-en>

4 JRF, 2022. From disability to destitution. Available at: <https://www.jrf.org.uk/blog/disability-destitution>

5 All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,366 adults. Fieldwork was undertaken between 3rd - 6th February 2023. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+). The sample includes a boost of 250 respondents who are members of ethnic minority groups. Weighting was applied to ensure this was representative of ethnic minority groups in the UK.



As with all research methods, there are a number of caveats to bear in mind when reviewing the findings.

- We acknowledge that the research asked people to reflect on their experiences over January, a time when finances are often stretched following Christmas.
- This was an online survey. It was weighted to be representative of the population of the UK at the present time, but there is an inbuilt bias on digital inclusion. We acknowledge that there are population groups not well covered by this methodology.

We wanted to find a way of respecting the generosity of those people who shared in detail the impact that the rising cost of living is having on their lives. We have attempted to do so by including their voice in this report.

We were inspired in this by others' methodologies, including the composite stories developed within the Independent Care Review in Scotland<sup>6</sup>. We have created our own version of three 'composite stories' for each of our key insights, made up of a combination of several direct quotes from free text responses to our survey.

The stories were crafted, and quotes were selected based on the extent to which they were representative of the general themes we saw in both the quantitative data and free text responses from the YouGov survey.

In this way, we hope that these composite stories can serve as 'everyone's story' in that they are representative of trends in the survey data. But they are also no single individual's story as they are made up of a combination of several small fragments of unique experiences of the current situation for people up and down the country.

6 The Independent Care Review, 2023. Composite Stories. Available at: <https://www.carereview.scot/conclusions/composite-stories/>



***Stress, anxiety, worry. Everything is harder, everything is a worry. I'm thinking and worrying about every purchase. I'm very stressed about how tight money is at the moment and it has affected my work performance. I'm finding it hard to sleep and just running numbers round my head.***

***I'm freezing cold to the point of feeling ill, persistently checking my outgoings to the point of obsession, and sitting at home in the dark, quite miserable. I can barely afford food and medicine, and even though I am ill, I am scared to turn on the heating. We have to find money to travel to hospital which means we have to eat from the food bank.***

The composite stories used throughout this report have been created using the free text responses to the YouGov survey. In this way, they are not one person's single experience of the cost of living emergency, but provide a collective story of its impact. There is further information about this on page 8 of the report.

# "I'm finding it hard to sleep and just running numbers round my head."

## What's happening?

Overall, 56% of people felt that the cost of living emergency has negatively affected their ability to manage financially. Similarly, the majority had had to make cuts in their spending as a direct result of the cost of living emergency. 62% had already made cuts, compared with only 14% who felt that they had not made cuts and did not anticipate needing to do so. **The cost-of-living emergency is negatively affecting the majority of the people in the UK.**

Delving deeper, we found that rising living costs are having a devastating effect on our personal wellbeing, and specifically on our mental and physical health. This is likely to reduce our collective resilience, exacerbating the damage that structural shocks like the rise in living costs have on our collective wellbeing. This is concerning, particularly when added to what we know about the impact of COVID-19<sup>7</sup>. Our health is a prerequisite to doing all the other things which help us look after our wellbeing: from developing relationships, to performing well at work and in education.

**Table 1: Percentage of adults reporting negative impact of the cost-of-living emergency on healthy behaviours by household income<sup>8</sup>**

	Under £10,000	£10,000 - £39,999	£40,000 - £69,999	£70,000 +	All adults
Ability to exercise regularly	19	15	20	14	<b>16</b>
Healthy diet	46	37	36	22	<b>34</b>
On work/ education	21	16	18	16	<b>17</b>

Sample size: 2366 adults in the UK

<sup>7</sup> The Health Foundation (2022) COVID-19 Health and Inequalities Inquiry reports – for example – that the significant deterioration in mental health during the first year of the pandemic has been reversing, but has not entirely returned to pre-pandemic levels.

<sup>8</sup> Full results are available online: [https://docs.cdn.yougov.com/3i7w1ajgm8/CarnegieUK\\_UK\\_Results\\_230203\\_W.pdf](https://docs.cdn.yougov.com/3i7w1ajgm8/CarnegieUK_UK_Results_230203_W.pdf).



## Physical health

The cost of living is impinging on our physical health. **34% of people surveyed reported a negative impact on how healthy their diet is. 16% reported the negative impact of the cost of living emergency on their ability to exercise. This rises to 26% for ethnic minority respondents.**

This also came through in the free text responses, where several people outlined choosing less healthy food items because they were cheaper. Many reported their inability to afford to eat at all, with several people forced to skip meals. They highlighted the damage to their general health caused by staying in a cold home, with households unable to turn the heating on due to unaffordable energy prices.

Our survey data and other research<sup>9</sup> shows that the health impacts of the cost of living emergency are not experienced equally across society. People in the lowest household income group were more than twice as likely to report a negative overall impact on their diet, compared to the highest income households, 46% of those with household incomes under £10,000 a year compared to 22% of those with a household income of over £70,000 a year (see table 1).

Parents with children in the household are also significantly affected. **46% of people living with children reported a negative effect on their physical health**, likely to reflect the burden of additional caring responsibilities. Many people reported in free text responses that they had given up food so their children could eat.

Childcare responsibilities fall disproportionately on women<sup>10</sup>. Organisations representing women in the cost of living emergency, such as the Women's Budget Group, report high numbers of women restricting food for themselves to provide for their children<sup>11</sup>. This may in part explain why **women (39%) were more likely than men (28%) to report that rising living costs were having a negative impact on their diet.**

## Mental health

Free text responses to our survey showed the impact rising living costs are having on people's mental health. Many people outlined the stress and anxiety the cost of living emergency had caused them. Some even shared that rising living costs were making them feel suicidal.

More generally, it is evident that managing rising costs is consuming our collective headspace. Many of us are spending large amounts of time budgeting, reflecting on

9 Royal Society for Public Health, 2022. Our health: the price we will pay for the cost of living crisis. Available at: <https://www.rsph.org.uk/our-work/campaigns/our-health-the-price-we-will-pay-for-the-cost-of-living-crisis.html> and Glasgow Centre for Population Health, 2022. A cost of living crisis – for whom? Available at: [https://www.gcph.co.uk/latest/news/1073\\_a\\_cost\\_of\\_living\\_crisis\\_for\\_whom](https://www.gcph.co.uk/latest/news/1073_a_cost_of_living_crisis_for_whom).

10 Research conducted by the Centre for Progressive Policy in 2022 found that women provide 450 hours of childcare each week, compared to men who provide 186 million hours. Available at: <http://www.progressive-policy.net/publications/what-women-want>.

11 Women's Budget Group, 2022. The Cost Crisis: A Gendered Analysis. Available at: <https://wbg.org.uk/analysis/the-cost-crisis-a-gendered-analysis/>.

difficult choices about savings, and planning out different shopping habits (including changing where we shop and limiting ourselves to reduced and essential items). This preoccupation is likely to have a detrimental impact on our performance in work and education. It is also likely to compromise our ability to fully enjoy the things that make life worth living.

## Performance at work and in education

Many people shared how their mental and physical health is affecting their performance at work. This seems to be particularly prevalent for many young people, with **31% of 18–24-year-olds reporting the overall negative impact of rising living costs on their performance at work and in education** compared to 12% of those aged 50 to 64 years old. In addition, 26% of ethnic minority households (by comparison to 15% of white households) reported a negative impact on their performance in education and at work.

In the free text responses, some people explained that their performance at work was compromised by poor health caused by rising costs.

## What does this mean for collective wellbeing?

The Carnegie UK framework for collective wellbeing asks us to consider the interrelationships between different aspects of wellbeing, and the impact of current actions on future wellbeing.

In this section we have seen the damaging effect on physical and mental health. Our health is one of the most important attributes that people say contribute to having a good life. But it also affects our economic wellbeing. The number of working-age adults who are out of the labour market (known as "economically inactive") because of long-term sickness has been rising since 2019, from around 2.0 million people in spring 2019, to about 2.5 million in summer 2022<sup>12</sup>. Sickness absence rates have also been rising in general, but specifically in the NHS where we rely on workers to support the health of the general population<sup>13</sup>. There is also an interrelationship between our performance at work and company productivity, and between our job satisfaction and our own personal wellbeing. These relationships are not one-directional but work in complex ways. Nevertheless it is clear that the happier and healthier we are, the more productive we are likely to be<sup>14</sup>.

The cost of living emergency is a case study of the many interconnections between different areas of our lives. As we will go on to see, governments need a broader assessment of the costs, and consequences, of the cost of living emergency.

12 ONS, 2022 *Half a million more people are out of the labour force because of long-term sickness* <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/halfamillionmorepeopleareoutofthelabourforcebecauseoflongtermsickness/2022-11-10>.

13 NHS England, 2022, *NHS Sickness Absence Rates, November 2022 [Delayed from 30/03/23]* <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates/november-2022-provisional-statistics>.

14 James, C., Devaux, M. and Sassi, F. 2017, *Inclusive Growth and Health* OECD Health Working Papers, No. 103, OECD Publishing, Paris. <https://doi.org/10.1787/93d52bcd-en>.



***I can barely afford to exist and I am cutting back in all non-essential aspects of life. I literally work and come home, no socialising, no spending. I do not want to meet friends as they have more money than me and don't understand what it is like to have almost no money. My mother died last week but I was unable to afford to visit my family to console each other.***

***I am constantly looking for the best deals on everything from energy suppliers to monthly shops. But the rise in energy prices means an extremely cold house. I can't afford to feed my family so I'm going without frequently so my husband and sons can eat properly. Missing meals for long periods is taking a toll on my health. I was already at the bottom... I'm now further beyond it.***

The composite stories used throughout this report have been created using the free text responses to the YouGov survey. In this way, they are not one person's single experience of the cost of living emergency, but provide a collective story of its impact. There is further information about this on page 8 of the report.



# “I can barely afford to exist.”

## What's happening?

Rising living costs are leaving many people with no other option than to stay in, even though this means sitting cold, hungry, and lonely at home. This is of concern given what we know about the importance of relationships – between individuals, communities, and across generations - for collective wellbeing<sup>15</sup>.

It's often our friends and family who listen to us, provide support, and are there in times of crisis. During the COVID-19 pandemic, we noticed<sup>16</sup> how many neighbours and communities came together to support one another<sup>17</sup>. The absence of these kinds of relationships in our lives leads to social isolation and loneliness. Our findings indicate that people across the UK are reducing time spent with others outside the home. **This is damaging our social relationships and impacting on our mental health.**

## Who is experiencing this?

When looking at the UK as whole, we found that:

- 50% reported a negative impact on their ability to participate in leisure activities, like going to the cinema or eating out.
- 34% have reduced social activities outside of their home.
- 35% say that the cost of living emergency has reduced their ability to spend time with friends (see table 2).

## Ethnic minority groups

Rising living costs are particularly impacting ethnic minority groups' ability to socialise with family and friends. 43% of Black, Asian, and Minority Ethnic people reported a negative impact on their ability to spend time with friends compared to 34% of white people. 29% said that the cost of living emergency had negatively impacted their ability to spend time with family, compared to 23% of white people. This group is also more likely to have reduced social activities outside of their home, with 38% highlighting that they had reduced this kind of activity, as an action to mitigate the negative impact of the cost of living emergency (compared to 34% of white people).

15 Carnegie UK, 2016. How can kindness improve our wellbeing? Available at: <https://www.carnegieuktrust.org.uk/publications/kinder-communities-power-everyday-relationships/>.

16 The Relationships Project, 2020. The Moment We Noticed. Available at: <https://relationshipsproject.org/reports/the-moment-we-noticed/>

17 Carnegie UK, 2020. COVID-19 and Communities Listening Project: A Shared Response. Available at: <https://www.carnegieuktrust.org.uk/publications/covid-19-and-communities-listening-project-a-shared-response/>

This finding correlates with more in depth research by the Runnymede Trust (2022), who found that many Black and minority ethnic households are being disproportionately exposed to the current cost of living situation<sup>18</sup>.

**Table 2: Percentage reporting negative impact of the cost of living emergency on social activities by household income**

	Under £10,000	£10,000 - £39,999	£40,000 - £69,999	£70,000 +	All adults
Reduced social activities outside of home in last month <sup>19</sup>	34	36	38	31	<b>34</b>
Ability to spend time with family <sup>20</sup>	35	25	26	17	<b>24</b>
Ability to spend time with friends <sup>21</sup>	36	35	43	37	<b>35</b>

Sample size: 2366 adults in the UK

## Children and families

*"I'm] struggling to pay for school trips and cutting down on any extracurricular activities children previously participated in."*

The impact of rising living costs is not being experienced equally. It is having a distinct effect on families who explained how their children are missing out too. Parents shared their inability to afford children's activities outside home and school, particularly during the winter when there are limited free indoors activities. **47% of those with children said they had reduced social activities outside of the home** (compared to 30% of those without). And **67% of those with children reported a negative impact on their ability to participate in leisure activities** (compared to 46% of those without).

18 Recent research by the Runnymede Trust (2022) found that many Black and minority ethnic households are being disproportionately exposed to the current cost of living situation. Changes to the tax and social security system over the last decade have been highly racialised. In real terms, white families now receive £454 less a year on average in cash benefits than they did a decade ago. This rises to £806 less a year for Black and minority ethnic families and even higher to £1,635 for Black families. <https://www.runnymedetrust.org/publications/falling-faster-amidst-a-cost-of-living-crisis-poverty-inequality-and-ethnicity-in-the-uk>

19 Figures drawn from asking respondents whether they have done any of the following things in the last month.

20 Figures drawn from asking respondents whether the rise in cost of living has had a negative or positive impact on each item in general.

21 Figures drawn from asking respondents whether the rise in cost of living has had a negative or positive impact on each item in general.

These findings are also much more prevalent in lower-income households. We found that as median household income decreased, the negative impact on peoples' ability to participate in everyday social activities increased. In the free text section of the survey, parents described how working additional hours is limiting the time they can spend with their children. Protecting children's wellbeing, including their social development, is crucial to our collective wellbeing, economically and socially in the decades to come. There is overwhelming evidence that allowing harm to occur in the early stages of our lives will incur long-term monetary and non-monetary costs that could be prevented<sup>22</sup>. The social harm caused to children, who have already been socially disadvantaged by COVID-19, will follow us long after the rate of inflation goes down.

## What does this mean for collective wellbeing?

Our ability - as individuals and as communities - to cope with and recover from times of difficulty is dependent on the strength of our relationships and connection with friends and family, those we work and live with<sup>23</sup>. But it's clear that unaffordable living costs are creating a barrier to building and sustaining these relationships. Those who participated in the survey talked in detail about the impact of being unable to afford to travel to see their family or go out to socialise with friends. Following the COVID-19 pandemic, and after several years of many people living and working physically apart, we are craving opportunities to connect. **Yet rising living costs are increasingly removing people's ability to choose to socialise outside of their homes - a significant threat to wellbeing.**

**Loneliness is a significant issue for our wellbeing. So much so that it is one of the priority areas for the evidence organisation, the What Works Centre for Wellbeing who concluded that** 'loneliness has been linked to poor physical health, mental health, and poor personal wellbeing – with potentially adverse effects on communities'<sup>24</sup>. The relationship with health is well documented, with loneliness **a risk factor for depression, heart disease, stroke and dementia**<sup>25</sup>. In 2020, research for the UK Government monetised the costs of loneliness, in terms of lost work productivity, poor health and direct health service costs **such as GP visits, hospital admissions, emergency services and other types of outpatient care**. The estimated cost of moderate to severe loneliness is a staggering £9,976 per person per year<sup>26</sup>.

As we found in the previous sections, the costs to the public purse of the social harms from the cost-of-living emergency as significant and likely to be long-lasting. But there are less tangible impacts also, as we will see, impacts relating directly to our trust in each other and our hope for the future.

22 Trebeck K, 2021. Being Bold: Building Budgets for Children's Wellbeing. Available at: [https://d1ssu070pg2v9i.cloudfront.net/pex/pex\\_carnegie2021/2021/03/05093708/BeingBold-Report-Gecko-v3.pdf](https://d1ssu070pg2v9i.cloudfront.net/pex/pex_carnegie2021/2021/03/05093708/BeingBold-Report-Gecko-v3.pdf)

23 Relationships Project, 2022. The Sense of Connection: relationships and strong communities, in crisis and beyond. Available at: <https://relationshipsproject.org/the-sense-of-connection/>

24 What Works Centre for Wellbeing, 2023. Loneliness <https://whatworkswellbeing.org/category/loneliness/>

25 McDaid, Bauer and Park, 2017. *Making the case for investing in actions to prevent and/or tackle loneliness: a systematic review. Briefing paper.*

26 Peytrignet, S., Garforth-Bles, S. and Keohane, K. 2020. Loneliness Monetisation Report: Analysis for the Department for Digital, Culture, Media & Sport [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/963077/Loneliness\\_monetisation\\_report\\_V2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/963077/Loneliness_monetisation_report_V2.pdf)





***I'm frightened to think what is next. There's no let up from it, it's everywhere in the media. The government is ruining my life. I'm not sure how the government can justify this; this is killing people and our government do not care.***

The composite stories used throughout this report have been created using the free text responses to the YouGov survey. In this way, they are not one person's single experience of the cost of living emergency, but provide a collective story of its impact. There is further information about this on page 8 of the report.

# "I'm frightened to think what is next."

## What's happening?

For our collective wellbeing, we must be given a voice in the decisions that affect our lives. Wellbeing cannot be 'done' to people, it has to be done by and with them. Our research suggests that people in the UK feel far removed from the decisions made about tackling the rising costs of living. In our survey, people communicated a collective feeling of powerlessness to change the situation, and uncertainty about when things are going to get better.

To feel we can participate in the political system, we must trust governments at all levels. Low confidence in government can place compliance with government decisions at risk<sup>27</sup> and threaten the social contract. But confidence in government handling of rising living costs is low:

- Across the UK, 56% of people think that government is offering too little support to help people through the rise in the cost of living.
- 53% of people living in Scotland, Wales, and Northern Ireland think their respective devolved governments are offering too little support to help people through the rise in the cost of living (see table 3).

Similar feelings towards government were reflected in free text responses to our survey; respondents expressed extreme anger about the way government is handling our rising living costs. Many also described a lack of trust in elected officials to place care about citizens in the UK above their own personal or political agendas. The compassion of governments towards their own citizens was frequently questioned.

27 Clery, E., Curtice, J., Frankenburg, S., Morgan, H., and Reid, S. 2021. British Social Attitudes: The 38th Report. London: The National Centre for Social Research.

**Table 3: Percentage reporting that the government is doing too little to help people through the rise in the cost of living**

	Under £10,000	£10,000 - £39,999	£40,000 - £69,999	£70,000 +	All adults %
Those who think the government is offering too little support to help people through the rising in cost of living (GB wide)	52	55	59	61	<b>52</b>
Those living in Scotland or Wales who think that the Scottish or Welsh Government are currently offering too little support to help people through the rising in cost of living	52	57	52	60	<b>53</b>

Sample size: 2366 adults in th UK<sup>28</sup>

## Generational differences

Our and others' evidence shows that the way people experience democratic systems varies across generations<sup>29</sup>. Younger age groups in the UK are generally less likely to have confidence in the government or to participate in democratic processes<sup>30</sup>.

In our survey, most people under 65 thought that the government was providing too little support to help people with rising living costs<sup>31</sup>. We found people over 65 years old were

28 Only 30 respondents in a devolved region had a household income over £70k, and only 78 had a household income between £40 and £70k. This does not reflect a wide enough cross section of the population for figures to be definitive. Figures should therefore be read as indicative.

29 Carnegie UK, 2021. GDWe: a spotlight on democratic wellbeing. Available at: <https://www.carnegieuktrust.org.uk/publications/gdwe-a-spotlight-on-democratic-wellbeing/>; IPPR, 2022. Road to renewal: Elections, parties and the case for democratic reform. Available at: <https://www.ippr.org/research/publications/road-to-renewal>.

30 Carnegie UK, 2021. GDWe: a spotlight on democratic wellbeing. Available at: <https://www.carnegieuktrust.org.uk/publications/gdwe-a-spotlight-on-democratic-wellbeing/>

31 57% of people aged 18-24; 65% of people aged 25-49; and 55% of people aged 50-64 thought the government were providing too little support to help people through the rise in the cost of living.

less likely to say the government was offering too little support - 43% of over 65-year-olds compared to 60% of 18-65 year olds.

We found that the social impacts of rising living costs are more concentrated among younger people. In fact, the rising costs of living were around twice as likely to have negatively impacted people aged 18-49 years old, compared to over 65-year-olds. We saw this in relation to peoples' ability to spend time with family and friends and in their communities, and in relation to their own behaviours around exercise and healthy eating.

**Table 4: Percentage reporting negative impact on social and health activities due to the cost of living emergency by age**

	18 – 49 year olds	50 - 64 year olds	Over 65 years old	All adults %
Spending time with friends	43	32	21	<b>35</b>
Healthy eating	40	33	21	<b>34</b>
Participation in hobbies and activities	38	31	16	<b>31</b>
Spending time with family	28	23	15	<b>24</b>
Spending time in the local community	27	23	13	<b>23</b>
Exercising regularly	20	14	9	<b>16</b>

Sample size: 2366 adults in the UK



The age groups in which the negative impacts of rising costs of living are experienced more significantly are also those which demonstrate the lowest confidence in the decisions government have made to tackle the problem.

While correlation is not causation, we are concerned about the effect of the cost-of-living crisis on intergenerational fairness.

## Income

Our evidence is consistent with that of several other organisations<sup>32</sup> in showing that people in the lowest income households are the worst affected by the cost of living emergency. We found that the extent to which they are cutting back means that many are no longer receiving an income that covers the essentials<sup>33</sup>.

Yet, people in the lowest income households were less likely than those in the highest income households to say that the government was doing too little to help people with rising living costs (52% of those with a household income of under £10,000 per year compared to 61% of those with a household income of over £70,000 per year, see table 3).

An explanation for this could lie in the fact that for many in low-income households, going without life's essentials is not a new experience<sup>34</sup>. For this group, social security support has been inadequate for so long, that there may be no expectation that the government will help with rising living costs in the first place<sup>35</sup>.

## What does this mean for collective wellbeing?

These findings don't come as a surprise to Carnegie UK; we've been pointing out that democratic wellbeing is under threat in the UK for some time. But the way in which people have responded to our survey demonstrates how low levels of democratic wellbeing exacerbate a collective feeling of helplessness in the face of the most difficult challenges facing us. This helplessness in turn affects our ability to take effective action to protect collective wellbeing.

32 JRF, 2022. Going Under and Without: JRF's cost of living tracker <https://www.jrf.org.uk/report/going-under-and-without-jrfs-cost-living-tracker-winter-202223>

33 Joseph Rowntree Foundation, 2023. Guarantee our Essentials: reforming Universal Credit to ensure we can all afford the essentials in hard times. Available at: [Guarantee our Essentials: reforming Universal Credit to ensure we can all afford the essentials in hard times | JRF](#)

34 Glasgow Centre for Population Health, 2022. Informing and supporting action to improve health and tackle inequality. Available at: [A cost-of-living crisis - for whom? | Glasgow Centre for Population Health \(gcph.co.uk\)](#)

35 Public Administration Review, 2021. The Expectancy-Disconfirmation Model and citizen satisfaction with public services: A meta-analysis and an agenda for best practice. Available at: [The Expectancy-Disconfirmation Model and Citizen Satisfaction with Public Services: A Meta-analysis and an Agenda for Best Practice - Zhang - 2022 - Public Administration Review - Wiley Online Library](#)

Unlike earlier sections, there is no existing work that we are aware of that quantifies or monetises the impact of loss of trust on our collective wellbeing - either directly through fraud and tax evasion or indirectly through non-compliance with public health or other government education and behaviour change programmes. However there is a broad consensus that trust between government and the people is a requisite for the social contract to be maintained.

Loss of trust is not purely a UK problem. It has been identified by the OECD as a significant risk for its member states. However, the combined effect of Brexit, Covid-19, allegations and investigations of corruption and abuse within government and public services, and now the cost-of-living crisis has created a perfect storm for our democratic wellbeing. Concerted efforts by governments, parliaments, public services and many others will be required to rebuild this trust over a number of years.



*I'm hoping it will become better.*

# Spend now, to save later

As individuals and communities across the UK, **we are not living well.**

Our findings demonstrate that the cost of living is not just an economic emergency, but a wellbeing one too. The costs of poverty, poor nutrition, loneliness and anxiety eventually end up at the door of the National Health Service and other public services.

We need to change our approach to public policy, putting collective wellbeing at the centre of decision making. **We need to stop the cost of living emergency from doing harm that will take us all decades to recover from.**

Where do we go from here, and what action can be taken, in the short, and longer-term?

1. In the short-term, Carnegie UK supports the calls from other organisations for governments – at all levels - to provide improved support to help people with rising living costs. These include:
  - Campaigns that **call on the UK Government to guarantee that the basic rate of Universal Credit at least covers life's essentials, such as food, household bills and travel, and that support can never be reduced below that level** (as advocated for by the Trussell Trust and Joseph Rowntree Foundation)<sup>36</sup>.
  - Proposals for a **'national energy guarantee' to provide a basic level of energy consumption**, or a safety net for all households at an affordable price as advocated for by the New Economics Foundation<sup>37</sup>.
  - **Providing incentives to support employers to pay the real Living Wage based on the cost of living**, as advocated for by the Living Wage Foundation<sup>38</sup>.
  - The Early Action Task Force's call to **ringfence funds to support social infrastructure** to mitigate the impact that rising living costs are having on our communities<sup>39</sup>.

36 The Trussell Trust, 2023. Guarantee our essentials. Available at: <https://www.trusselltrust.org/get-involved/campaigns/guarantee-our-essentials/>.

37 The New Economics Foundation, 2023. The National Energy Guarantee: a long term policy to protect essential energy needs, reduce bills, and cut carbon. Available at: <https://neweconomics.org/2023/04/the-national-energy-guarantee>.

38 This could start with the UK Government getting it's own house in order, and exploring incentives to influence other businesses. For example by reviewing government procurement and public funding policy to include commitment to, or incentive towards, the real living wage. More available at: The Living Wage Foundation, 2023. <https://www.livingwage.org.uk/what-real-living-wage>.

39 Early Action Task Force, 2020. Being in a Good Place: Investing in Social Infrastructure. Available at: [Early Action Task Force - Community Links \(community-links.org\)](https://www.earlyactiontaskforce.org.uk/community-links).



**We urge UK, devolved and local governments to spend now, to save later** and in turn build a society that prevents problems from occurring, rather than struggling with the consequences and paying a higher price further down the road.

2. In the longer-term, governments at all levels can and should take a wellbeing approach to public policy.

The cost of living emergency is a wake-up call to governments at all levels. This report reinforces the message that the **current approach to public policy is not working**.

Change begins with a willingness to imagine a different way forward. It is by thinking differently about how we frame and measure the success of society - beyond simply measuring economic growth - that we can build our collective resilience to future systemic shocks.

**We need to take a long-term approach by putting wellbeing at the heart of decision-making in the UK.**

At Carnegie UK, we are showing ways to do this through the following work:

### **Wellbeing frameworks**

Carnegie UK has been a leading advocate for wellbeing frameworks for over a decade. A 'wellbeing framework' is a tool that helps to focus decision making on the things that really matter.

Wellbeing frameworks can be used by governments at all levels to understand what matters for wellbeing locally, to set appropriate wellbeing goals or outcomes, and to identify indicators to track progress. Because they bring together data on social, economic, environmental and democratic wellbeing domains into a single dashboard, wellbeing frameworks provide a more comprehensive overview of social progress.

### **Measuring wellbeing**

The stories told throughout this report show us that the way governments are doing policy, and the information we use to inform policy decisions, are not working. We need a new measure of social progress that tells governments whether policies and actions are influencing collective wellbeing. In 2020, Carnegie UK launched our alternative index of social progress, GDWe, and updated it in 2021. We continue to build on this work and increase public understanding about why we need to reconceptualise what social progress is in the UK.

We would be pleased to share our evidence about how this approach works in practice with anyone seeking to influence public policy, whether you are a business, politician, civil or public servant, or nongovernmental organisation

Join the movement with Carnegie UK and others to put wellbeing at the heart of decision-making in the UK by:

- Sharing this report and our wider work amongst your networks.
- Keeping up to date with the progress of our work through our website and social media.

Join the conversation online using the hashtag **#LongShadow**



**Carnegie UK**

Andrew Carnegie House  
Pittencrieff Street  
Dunfermline  
Fife, Scotland  
KY12 8AW

T +44 (0)1383 721445  
[www.carnegieuk.org](http://www.carnegieuk.org)

Carnegie United Kingdom Trust  
Registered Charity No: SC 012799 operating in the UK  
Registered Charity No: 20142957 operating in Ireland  
Incorporated by Royal Charter 1917