



# **Sainsbury's Bank Cost of Living Report**

**Sainsbury's Bank**

# It's no secret that there is a cost-of-living crisis.

The price of everyday essentials has risen rapidly in recent months, with inflation in the UK at a 40-year high.

The spiralling cost of living is impacting everyone, no matter their age, income or living situation.

We want to help Sainsbury's Bank customers ease the squeeze. That's why we conducted a survey of 2,000 people to find out how the cost-of-living crisis is affecting people across the UK. We are all having to make tough decisions and look for ways to cut back on spending, Sainsbury's Bank has put together some tips and tricks to help everyone to ease the squeeze.

## According to our survey:

- 28% of people are cutting back on takeaways and eating out.
- 50% of 65 and overs are moving mortgage providers to get a better rate or are increasing their term for lesser payments.
- 33% are considering taking out credit cards due to the cost-of-living crisis.

Read on to learn more about how to meal plan, how to make your budget stretch further – and some energy saving cooking tips.

## Sainsbury's Bank

# Spending on immediate bills – how this has changed and what people are most worried about

According to the BBC, UK inflation has reached 9.9%, the [highest in 40 years](#). The rising cost of living is impacting household income, as the money people earn doesn't stretch as far as it used to. The cost of living crisis has seen the price of everyday necessities increase – from shopping and energy bills to petrol and pints of milk – and people of all ages and incomes are feeling the pinch.

Our survey found that the monthly food shop has increased by between £51-£100 in 29% of households in last six months. But it's not just the cost of food that's been affected.

## Household bills

Energy prices have increased drastically in recent months. One third of middle-aged people surveyed said that their bills have risen by 20% over the last six months. 58% of all people say their energy and utility bills are the expenses most affected by the current crisis.



**58%**

of people aged 45-54 say their energy and utility bills are the expenses most affected by the current crisis.

But steps have been taken to help households ease the squeeze.

### Energy price cap

From 1st October 2022, a new [Energy Price Guarantee will cap energy direct debit prices for those on standard variable tariffs](#) at:

**34p**

per kWh for electricity  
– a 20% increase.

**10.3p**

per kWh for gas  
– a 40% increase.

Anyone on a fixed tariff that pays a higher cost than the newly introduced cap will have their bills reduced by:

**17p**

per kWh for electricity.

**4.2p**

per kWh for gas.

The new policy means that a typical household should pay no more than £2,500 a year for their combined gas and electricity bill for the next two years. Of course, bills could still be more than £2,500, depending on the amount you use. Regardless, this is still a large increase, and some households may struggle to pay their energy bills through the winter months.

### **Government grant**

A £400 government grant, known as the [Energy Bill Support Scheme](#), for all UK energy customers will appear as credit on your energy account from October 2022 onwards.

### **Energy efficient improvements funding**

The Energy Saving Trust is offering a Sustainable Warmth Grant scheme for homeowners and tenants with a low energy rating (EPC) and household income of less than £30,000 per year. The grant could help cover the cost of energy saving home improvements like insulation, double-glazing and renewable heating systems.

Apply for the [Sustainable Warmth Grant Scheme](#)



# Food shopping habits and tips to reduce spending

One of the main areas households seeing increased costs is at the supermarket checkout. Food prices have increased during the cost of living crisis, and many people are having to change their shopping and cooking habits as a result.

£51.00  
**£100.00**  
in six months

Our survey found that the weekly food shop has increased by between £51-£100 in 29% of households in last six months. According to research company Kantar, shoppers are set to pay **£571 more for groceries** this year compared with last year.

But there are plenty of other small changes you can make to ease the squeeze when it comes to food shopping and cooking.

## Make the most of supermarket offers

If you're looking for ways to make your weekly shop more affordable, you can find lots of recipes online that are for nutritious, filling and affordable meals.

## Meal plan and portion control

If you're eating on a budget, planning your meals for the week before heading to the shops can help make sure you only buy what you need, with less going to waste.

Portioning food out before serving makes sure there's enough for everyone, with plenty of leftovers to enjoy later in the week

## Energy-saving cooking tips

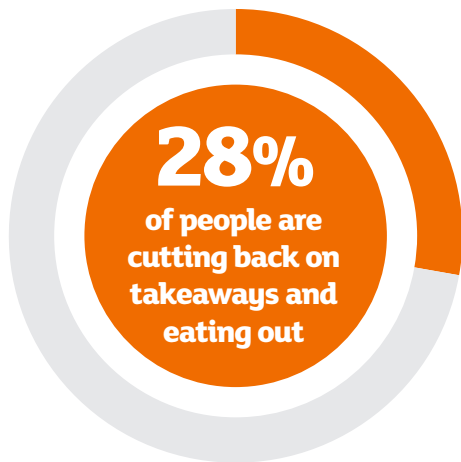
When it comes to cooking at home, there are plenty of ways to save energy (and money).

- ✓ Only boil the water you need in the kettle.
- ✓ Use saucepan lids when cooking on the hob to keep the heat inside.
- ✓ Use low-energy cooking appliances like slow cookers.
- ✓ Batch cook meals when using the oven, so you don't need to heat it twice.

## Eating out and takeaways

Our survey found that almost a third (28%) of households are cutting back on takeaways and eating out. These small luxuries may be simple to forgo to save money, but for many people, it's the small indulgences that are missed the most.

Our survey found that almost a third (28%) of households are cutting back on takeaways and eating out. These small luxuries may be simple to forgo to save money, but for many people, it's the small indulgences that are missed the most. A takeout with a movie on a Friday night might be the thing your family looks forward to most during the week.



**There are ways you can still treat yourselves, while reducing your spending.**

**Make the most of promotional offers**

Many restaurants, pubs and takeaway businesses offer promotional deals to entice customers in on quieter days. Swapping your usual weekend night out for a midweek meal might mean you can save money while still enjoying an occasional treat.

Discount cards can also help you eat out on a budget, offering 2 for 1 or 50% off food in thousands of restaurants.

**Try ready meals and 'fakeaways' instead of your favourite takeaway dishes**

From Chicken Tikka Masala and Singapore Noodles to Spaghetti Bolognese and Cottage Pie, you'll find over 500 fresh and frozen ready meals in different supermarkets. They're sure to have something for everyone at a fraction of the price of your usual takeaway.



# Mental health and cost-of-living – where to get support

Financial worries can impact people's mental health, and our survey results show this.



**22%**

of people with a household income between £14,000 and £20,000 said that the rising cost of living had affected their mental wellbeing to a “very large extent.”

We found that women's mental health is twice as likely to be affected by the cost-of-living crisis.



**15%**

of women also said that the crisis is likely to have impacted their mental wellbeing “to a very large extent.”

If you're struggling because of the increased cost of living and the stresses it brings, there are lots of ways to seek help. The NHS, Mind, the Mental Health Foundation and Samaritans all have resources to assist anyone struggling with their mental health.

- ✓ [NHS Mental Health](#)
- ✓ [Mind – What can I do to help myself cope](#)
- ✓ [Mental Health Foundation – get help](#)
- ✓ [Samaritans – if you're having a difficult time](#)



# Where people are cutting back: kids' activities

When we're strapped for cash, it's usually the "non-essentials" that we cut back on first.



**38%**

of UK parents we surveyed have stopped their children's extracurricular activities because of the cost-of-living crisis.

But extracurricular activities have been proven to improve academic performance and social skills, as well as reduce stress. Plus, they bring your little-ones hours of enjoyment. Whether you've got a budding Beethoven, Simone Biles or Picasso in the making, there are ways your kids can still enjoy the activities they love on a budget.

## Musical instruments

### YouTube Tutorials

From beginner's lessons to play along sheet music, YouTube is a treasure trove of brilliant resources for children learning to play musical instruments – all for free. Take a look around and find the most popular and highly rated tutorials available on the site. Best of all, they can learn at their own pace too.

### [TakeLessons.com](https://www.takelessons.com)

This online resource offers free online classes and courses seven days a week. With classes available for piano, singing, guitar, violin, cello, drums, ukulele and bass guitar. There aren't just musical tutorials on offer either. Language lessons, arts and crafts sessions and performing arts lessons are also available.

## Sports, games and clubs

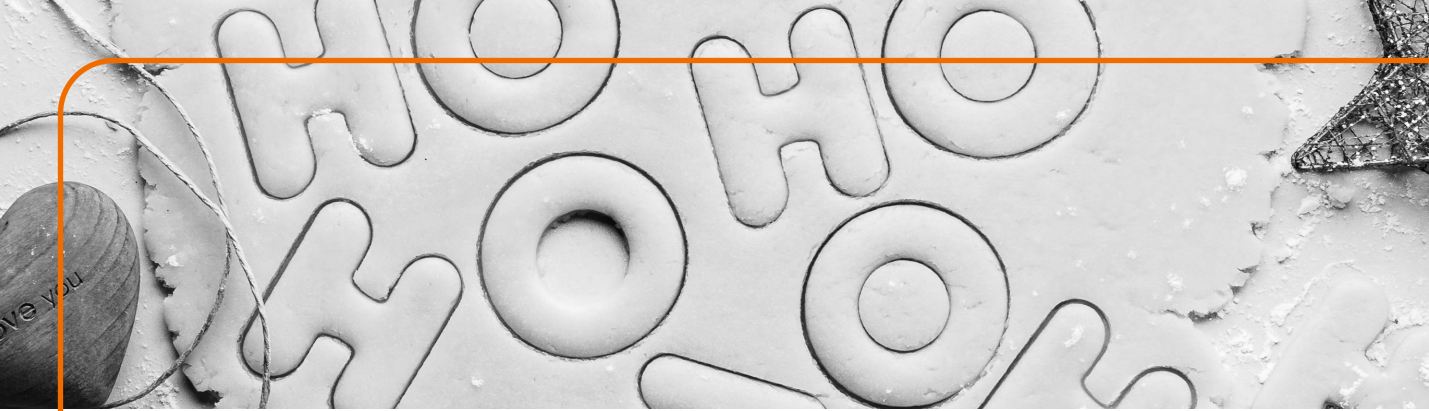
### Free (or nearly free) sports

From running and hiking to skateboarding, football and dance, there are plenty of sports kids can play without breaking the bank. While formal lessons are great for beginners, if your child has already mastered the basics, all they need is enthusiasm and plenty of practice to keep moving and improving. When it comes to mastering new skills or tricks, again, YouTube is your friend.

### Group activities

Whether it's chess, art club or Scouts, if your child loves group activities with friends, why not ease the squeeze by setting up your own club with other parents? Take it in turns to host themed evenings at home with your children's friends. It's easy to do on a budget with a little creativity. Got some old tins of paint sitting in the garage? Get crafty with some cardboard packaging and see what the kids can invent. Or, for a less messy alternative, dig out your boardgame collection for hours of free entertainment.





# Christmas cutback

The festive season is usually a time for celebration and socialising, and perhaps splurging a little too. Whether it's paying for presents or partying in the lead up to Christmas, come January, our bank balances

---

**More than 75%**

**of people are concerned about paying for Christmas celebrations this year.**

---

Here are a few ideas to help you spend less this Christmas.

## Selective socialising

Festive get togethers are a fantastic way to catch up with friends and family in the run up to Christmas. Meeting up can be a welcome relief from the pressures of preparing for the big day. The costs of them can stack up, but luckily, there is a way to make them a little cheaper. Instead of meeting up with lots of small groups of friends or individuals, why not arrange a big get together instead? Lots of pubs and restaurants offer festive dining and drinks packages for big groups. Secret Santa is another clever way to save money, as you only need to buy one gift and can set a spending limit so there's no pressure to splurge.

## Get thrifty with gifting

You might not have as much money in the bank this year, but that doesn't mean you can't still show your loved ones you care. Thoughtful homemade gifts can be cherished even more than the latest designer must-have. And reusing paper packaging to make beautiful, and sustainable, gift wrap can also help you ease the squeeze. Pinterest and Instagram are both great places to find ideas for beautiful, affordable homemade gifts

## Figure out your finances

One way to make sure you don't overspend this Christmas is by setting a budget. Figure out how much you can afford to spend on gifts, socialising and other festive expenses and stick to it. Set a budget for gifts and agree with friends and family, so nobody feels awkward when it comes to unwrapping time.

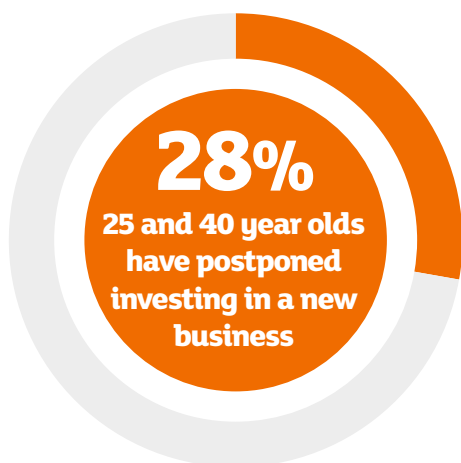
If you can, start saving money for Christmas 2023, so it's easier to spend within your means. The sooner you start saving, the less you'll have to put aside each month next year.

# Future planning: second jobs, saving for children, mortgages and living life on hold

During times of hardship, the future looks uncertain. It can be difficult to continue to put money aside for the future as living costs increase. Savings, mortgages and investments are all being impacted.

## Investment

Our survey found that 25% of people between the ages of 24 and 40 have postponed investing in a new business. This could have a knock-on effect on small business owners who rely on investment funding in the early stages of setting up their business.



## Mortgages and families

23% of people between the ages of 25 and 40 have postponed buying a new house with a mortgage, while 14% have put off starting a family due to the cost of living.

### People 65 and over are considering:

---

# 50%

Moving providers to get a better rate.

---

# 48%

Taking up an interest-only rate.

---

# 50%

Increasing their term for lesser payments.

---

42% of people surveyed with two kids said they are moving to a different provider for better mortgage rates, and 41% said they would take up an interest only mortgage. 58% of households with three kids said they would consider switching providers to get a better rate.



**33%**

**of households with one kid are considering taking out credit cards, due to rise in the cost-of-living.**

However, child-free households appear to be bearing up better than families with children, as 77% of households without kids do not plan on taking out anything.

### **Children's education**

Our report finds that more than a third of parents have stopped saving for their children's education fund due to the cost-of-living crisis.

### **Second jobs**

42% of people highlighted their biggest concern of the cost-of-living crisis was the need for an additional job to cover their expenses.

**“I will need to find an additional job to cover my expenses.”**



As our survey shows, the people of the UK face unprecedented challenges this winter. If you're worried about the cost of heating, food and other essentials, you can explore what support is available through **Citizens Advice** and the **Government's Energy Bills Support** package to help ease the squeeze.

# Sainsbury's Bank