

Funding the Future

We are descending into economic crisis and the governme...

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The [ONS has published a report](#) on the cost of living crisis this morning. They say:

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

This finding was unsurprising:

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

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

● 3 to 14 November 2021

● 16 to 27 March 2022

Most deprived quintile

2nd quintile

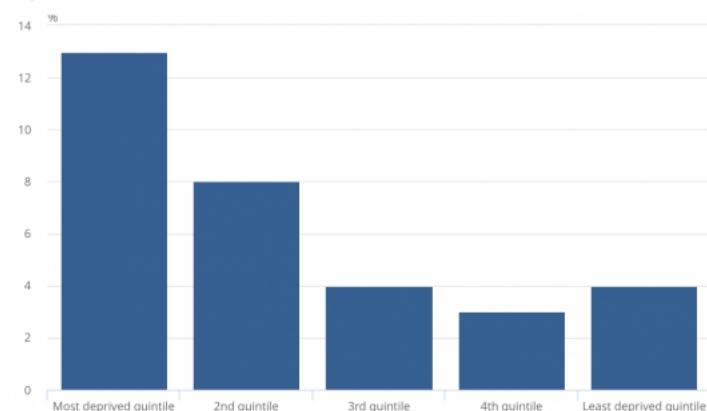
3rd quintile

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As was this:

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

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



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

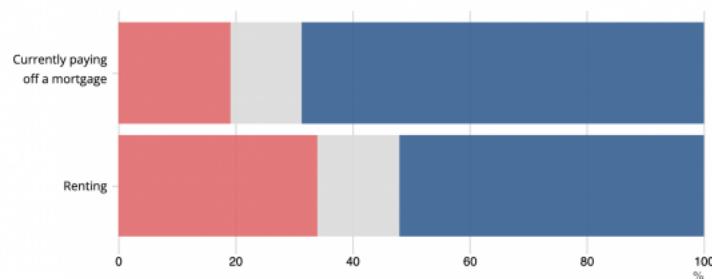
The stress of this crisis is already beginning to tell, and quite unevenly.

It impacts other costs as well:

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

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

■ Yes ■ Don't know / Prefer not to say ■ No

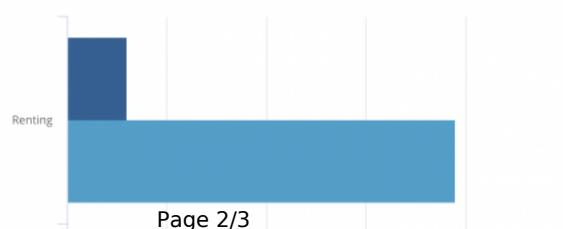


Source: Office for National Statistics (ONS) - Opinions and Lifestyle Survey (OPN)

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

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

● Behind on rent or mortgage payments
● Very or somewhat difficult to afford rent or mortgage payments

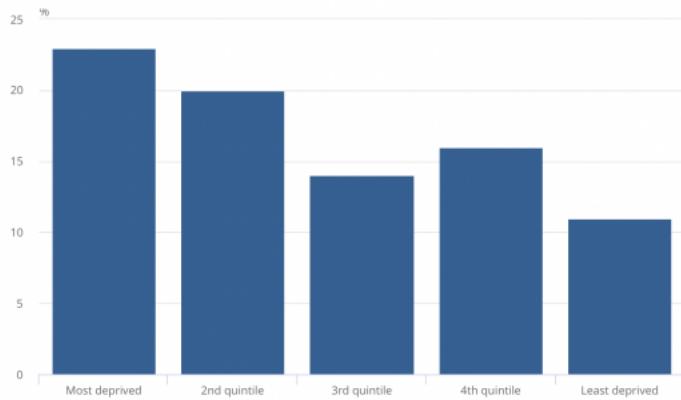


The risk of people losing their homes is, as I have kept saying, high.

So too is the chance that we will have a debt crisis growing:

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

All adults in England, 16 to 27 March 2022



People are borrowing more. But will they be able to repay?

This is a profoundly worrying review. And remember two things.

First, the Treasury made this worse by increasing taxes.

Second, the Bank of England is making this worse by increasing interest rates.

You cannot make up callousness like that in the face of a crisis of this magnitude.

We [urgently need an alternative economic policy](#). Danny Blanchflower and I have offered on.