

**Press Release – The Money Charity – For Immediate Release**

(BEGINS)

**Spring Budget Fails to Alleviate Cost of Living Fears**  
**The Money Statistics March 2023**

**The recent Spring Budget brought some promising new financial developments and extensions of lines of support for UK households, but overall the signs remain clear that these are unlikely to be anywhere near enough for far too many people, according to the March 2023 Money Statistics, produced by The Money Charity.**

One of the government's primary Budget headlines was the announced U-turn on extending the Energy Price Guarantee of **£2,500** for an additional three months from April to June, news they will have hoped would bring signs of positivity to the UK economic outlook. This extension of support comes following government borrowing increasing to **£16.7 billion**<sup>1</sup> in February 2023, **£9.7 billion** more than was borrowed in February 2022 and the highest amount borrowed in any February since ONS records began 30 years ago.

However, many figures indicate that even this significant support will not be enough to raise living standards which have fallen dramatically over the past year, with it reported that the basic benefits given to low-income households are now at least **£140 a month**<sup>2</sup> below the real cost of food, energy and everyday basics. People in paid work and on higher wages are also not faring much better overall as, due to stagnating pay growth since 2008, workers are estimated to be worse off by **£11,000**<sup>3</sup>. Any of the small increases seen in average pay over the past 15 years have been offset by high, or higher, inflation rates, translating to a real-terms pay cut.

Indications of the scale of these problems can be seen through more people seeking more support, with calls to Citizens Advice specifically about fuel (i.e. gas, electricity etc) up **56.9%**<sup>4</sup> on February 2022. It is further sobering to see that **41%**<sup>5</sup> of UK adults report their mental health worsening as a result of the cost of living crisis. It seems highly plausible that this can be linked to households taking on more debt to pay for essentials, such as food and energy. In January 2023, the average total debt per UK household, including mortgages, was **£65,434** and per adult **£34,546**, around **105.2%**<sup>6</sup> of average earnings. According to the Office for Budget Responsibility's March 2023 forecast, household debt of all types is forecast to rise from **£2,333 billion** in 2023 to **£2,478 billion** in 2025, which would make the average total household debt **£86,994**<sup>7</sup>.

**Michelle Highman, Chief Executive of The Money Charity says:**

“There were clearly positive announcements to be welcomed in the Spring Budget, as the government heeded the call of us and many other organisations to extend the Energy Price Guarantee for UK households. Unfortunately though, as this month's numbers show, even these

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<sup>1</sup> (The Money Statistics March 2023 Full Report, P4.1)

<sup>2</sup> (The Money Statistics March 2023 Full Report, P4.1)

<sup>3</sup> (The Money Statistics March 2023 Full Report, P4.1)

<sup>4</sup> (The Money Statistics March 2023 Full Report, P8)

<sup>5</sup> (The Money Statistics March 2023 Full Report, P4.1)

<sup>6</sup> (The Money Statistics March 2023 Full Report, P7)

<sup>7</sup> (The Money Statistics March 2023 Full Report, P7)

major measures are ultimately struggling to truly impact UK household finances and correct the course of the last few decades.

“We know and understand that, for the majority of people, taking on debt is a pragmatic reality in order to achieve their life goals and increase Financial Wellbeing. However, as we always tell people in our Workshops and Webinars, where debt most clearly becomes a problem is when it becomes unmanageable or unsustainable. Each month as we see household, individual and even government indebtedness inexorably rising, the ultimate question has to be posed, have we all reached that problematic level yet and where does this end?”

### **Other Striking Numbers from the March Money Statistics:**

- **1/3** of UK adults report having not been able to afford turning on the heating when they've felt cold at home. (P4.1.)
- **20%** of UK adults have missed a rent repayment in the last six months. (P4.1.)
- **24%** have missed a credit payment and **32%** have missed a bill payment. (P4.1.)

**Get the full picture and many more fascinating facts about money in the UK in our monthly Money Statistics.**

#### Notes to Editors

- For over 25 years, The Money Charity has been the UK's Financial Capability charity. We proactively provide education, information, advice and guidance to people of all ages, to reach our vision of seeing everyone achieving Financial Wellbeing by managing their money well. We empower people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives. Find out more at <https://thefmoneycharity.org.uk/>
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