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

(BEGINS)

**Major Interventions Unable to Steer UK Away From Recession**

**The Money Statistics September 2022**

**While significant steps from the government have led to inflation rates finally relenting, they have still failed to relieve concerns of the UK being on the brink of recession, according to the September 2022 Money Statistics, produced by The Money Charity.**

The last month has seen the kind of centralised political intervention which, pre-pandemic, would have been labelled ‘unprecedented’. However, even the depth and breadth of these interventions are not proving enough to allay looming recession fears for the UK. In the year to August 2022, the (CPI) inflation rate was **9.9%**[[1]](#footnote-1), down from **10.1%** in July and the first fall in the rate since September 2021, partly driven by a fall in the price of vehicle fuel.

However, a slight fall in fuel prices will offer little reassurance to many UK households with domestic energy prices increasing by **96%** for gas and **54%**[[2]](#footnote-2) for electricity between August 2021 and August 2022. Rising wholesale costs meant the regulator Ofgem announced in August that the energy price cap would increase by a further **80%** in October 2022, leading to a widespread outcry focusing on the likelihood of far-reaching fuel poverty. In response to this, the government announced their Energy Price Guarantee, capping typical consumption bills at **£2,500** a year, to be in place for the next two years. This announcement led to estimates for peak inflation to be **10.1%**[[3]](#footnote-3) in early 2023, down from previous estimates of **14%**.

While more hopeful, this easing hasn’t allayed all concerns, with the Bank of England raising the Base Interest Rate by **0.5%** to **2.25%**[[4]](#footnote-4), the seventh occasion within the last year. The rate hasn’t been so high since 2008, nor has such a close succession of rate increases been seen since 2007, just before the financial crisis. In theory these increases should also help push inflation down, with the BoE expecting inflation to fall further in 2023 to an eventual target of 2%. The consequence of these increases, designed to discourage consumer spending, though is to push the economy towards recession. For now, the judgement appears to be that combatting the risks of inflation becoming entrenched outweighs the short-term dangers to the economy.

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

“These are financially complex times, driven by turmoil around the world and not helped by recent political and societal upheaval in the UK. Over recent months we, along with many others, have repeatedly called for innovative and bold thinking in order to generate solutions from those in positions of influence. Solutions which will support households in their financial difficulties and offer realistic ways for people to increase their Financial Wellbeing.

Ultimately for most people, their main concern is not these big picture scenarios, but managing their day-to-day, paying their bills, covering their essentials, taking care of and providing for their loved ones and themselves, balancing their income and expenditure, the areas of concern which we help people to think through in our Workshops, Webinars and Resources. We welcome the steps that have already been taken, but are also aware the situation remains acutely difficult and prone to developing rapidly each day. Key decision makers will need to continue to respond proactively and quickly, for as long as the current turmoil continues.”

**Other Striking Numbers from the September Money Statistics:**

* **11%** ofUK adults have reported that their energy supplier has already increased their monthly payments to a level they cannot afford *(P4.1.)*
* The number of people unemployed in the UK fell by **910** per day in the twelve months to July 2022. *(P20.)*
* **15.3 million** UK adults (around 29%) say they have had to use credit to pay for essentials. *(P4.1.)*

**Get the full picture and many more fascinating facts about money in the UK in our monthly** [**Money Statistics**](https://themoneycharity.org.uk/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://themoneycharity.org.uk/>
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  + You clearly acknowledge The Money Charity as the providers of the information and point your audience towards signing up themselves for the monthly report; and
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* Any media or press enquiries should be directed to our Communications & Marketing Manager, James Yelland, on [james@themoneycharity.org.uk](mailto:james@themoneycharity.org.uk)

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1. (The Money Statistics September 2022 Full Report, P19) [↑](#footnote-ref-1)
2. (The Money Statistics September 2022 Full Report, P4.1) [↑](#footnote-ref-2)
3. (The Money Statistics September 2022 Full Report, P4.1) [↑](#footnote-ref-3)
4. (The Money Statistics September 2022 Full Report, P16) [↑](#footnote-ref-4)