

# **Under Pressure: Caring and the cost of living crisis**

## **Introduction and summary**

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The UK is facing a cost of living crisis with inflation at the highest rate for 30 years, driven by soaring energy prices and increases in basics such as food. These rising costs will impact on everyone throughout the UK, and we are particularly concerned about the impact on the already precarious position many unpaid carers face.

This will also have a differential effect in parts of the UK. Where there are higher numbers of carers in receipt of carers' benefits, there will be higher levels of financial stress. Scotland provides additional payments for carers in the form of Carer's Allowance Supplement which will take the edge off of this financial stress for some carers. However, this is not available to carers in England, Wales and Northern Ireland.

Caring comes with additional costs that can significantly impact their financial situation. Carers already have lower financial resilience as caring is often unpredictable and can be difficult to plan for financially. Awareness about caring is still low and not built into financial planning for the future.

### **Extra costs of care:**

Carers have several additional costs such extra costs from equipment, care, travel and food. At the same time, their capacity to work to earn money is reduced, with carers working below their potential or having to give up work entirely in order to care.

Even before the cost of living crisis, our recent research, State of Caring 2021, found almost two thirds (63%) of carers are spending their own money on care or support services, or products for the person they care for. It also includes having to spend a larger proportion of their income on energy costs to keep the person they care for warm and manage their condition, having higher food bills due to the nutritional requirements to support the person they are caring for, and having higher transport costs because the person they care for needs support to travel or the carer has to travel to provide care.

### **Reduced ability to work pushes carers into poverty:**

The additional costs of caring can be compounded by carers having to reduce their working hours or leave employment. As a result, many carers face precarious financial situations, and 1.2 million carers were living in poverty<sup>1</sup>.

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<sup>1</sup> National Policy Institute, 2016, Informal Carers and Poverty in the UK

We are particularly concerned about the impact of soaring costs on these carers, as research shows that lower income households spend a larger proportion than average on energy and food and will therefore be relatively more affected by increases in prices.

### **Extra financial pressure in only six months – changes since Autumn 2021:**

In only six months since publishing our State of Caring 2021 report, we've seen an already worrying picture for carers under financial pressure become considerably worse. The number of carers who are worried that they won't be able to manage their expenses has more than doubled during that time.

Our latest findings based on a survey of over 3,300 carers currently providing care show that many are under even greater financial pressures in the face of energy prices and cost of living increases, and that they are extremely worried about how they will be able to manage their monthly expenses without extra financial support. Unless they have additional help, greater numbers of unpaid carers could be pushed into poverty that will have a lasting impact on their finances and quality of life. Our results also suggest additional health risks that are not being taken account of.

### **We found:**

- Nearly half are worried about energy bills causing significant financial risk.
- As well as tough choices to “heat or eat”, the health of the person needing care and the carer are at risk.
- Carers looking after people with specific medication conditions, or equipment that needed to run constantly, are left with no choices about cutting back on energy bills.

### **Since State of Caring 2021:**

- 45% of carers who said they were unable to afford their monthly expenses currently.
- The number of people who are worried about how they will manage their bills over the next few months to September 2022 has more than doubled from 21% to 55%.
- The proportion of carers who were stressed and anxious about their finances has risen by about half from 52% to 75%.

### **Financial stress for all carers in this survey:**

- Nearly 6 out of 10 (58%) are cutting back on heating to manage their finances and 14% have already fallen into arrears with their utility bills.
- 45% of carers are relying on their savings, 26% are using credit cards, and 14% are using bank overdrafts.
- 89% of carers have seen their energy bill increase, and three quarters of carers (75%) are also spending more on food and drink.
- Carers have seen increases in the cost of products and services they need for the person they are caring for 35% of carers are spending more on supplies such

as incontinence pads, 34% are spending more on supplies to keep the person safe such as PPE, and 20% are spending more on equipment such as adaptations or medical devices.

- 83% of carers were worried or extremely worried about how they will manage their monthly expenses if costs keep increasing.
- Three quarters were worried they would have to cut back on heating.
- Almost a third (32%) were worried they would have to use a foodbank.
- Almost half of carers (48%) were worried that the increases in energy bills would lead to **significant** financial hardship, this rose to three quarters (75%) of carers who receive Carer's Allowance or Carer Element with Universal Credit.

### **Risks to health by cutting back:**

- 46% of carers thought the increases in energy bills would negatively affect their health or the health of the person they care for
- 42% thought they would not be able to heat their home to a safe level.

### **Carers receiving Carer's Allowance or Carer Element of Universal Credit:**

- Two thirds of carers (67%) say they are currently unable to meet their monthly expenses
- A quarter (24%) are using foodbanks to manage and nearly six out of ten (58%) are worried that they will have to use them.
- Nearly two thirds (64%) are cutting back on heating and a third (33%) have already fallen into arrears with their utility bills
- Nine out of ten (87%) are stressed and anxious about their finances
- Six out of ten (59%) are worried about increased energy bills affecting the health of the person being cared for or their own health
- Six out of ten (56%) were worried about not being able to heat their home to a safe level
- Over half (55%) are worried about increased energy bills will mean they have to cut back on food

## **About the cost of living crisis**

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The cost of living has been increasing across the UK since early 2021, but in December 2021 inflation reached its highest recorded level since 1992 at 5.2%, and the Bank of England has predicted to reach 7.25% in April.<sup>2</sup> Carers are more likely to be in financially precarious situations and less able to cope with these additional costs.

One of the biggest drivers of inflation is energy prices, with household energy tariffs increasing and petrol costs going up. Between January and November 2021 domestic gas prices increased by 28% and domestic electricity prices by 19%.<sup>3</sup> On 3 February the regulator Ofgem announced that the cap would increase from its current equivalent

<sup>2</sup> [www.bankofengland.co.uk/monetary-policy-report/2022/february-2022](https://www.bankofengland.co.uk/monetary-policy-report/2022/february-2022)

<sup>3</sup> <https://researchbriefings.files.parliament.uk/documents/CBP-9428/CBP-9428.pdf>

annual level of £1,277 per year to £1,971; a 54% increase.<sup>4</sup> There has also been an increase in the cost of goods, which is impacting on whether households can afford essential goods and services.

On 3 February 2022, the Chancellor announced Government support for rising living costs. This includes:

- An energy bills rebate loan of £200 in October provided to all UK households who are energy customers. This will be paid back via a £40 increase in energy bills in April of every year from 2023 for the next five years.
- A £150 one-off Council Tax rebate in April for households in Bands A to D. This does not need to be paid back.
- An expansion of the Warm Home Discount scheme, and an increase of the payment from £140 to £150 per household from October.

## Carers current finances

Carers told us what steps they were taking to manage their finances. nearly six out of 10 (58%) were cutting back on heating, and 14% having already fallen into arrears with their energy bills.

**Table 1: If you are worried about your current finances, how are you coping?**

If you are worried about your current finances, how are you coping?	Percentage of carers
Cutting back on luxuries	67%
Cutting back on hobbies/leisure activities	59%
Cutting back on heating	58%
Using savings	45%
Cutting back on seeing friends/family	44%
Cutting back on food and other essentials	38%
Using credit cards	26%
Borrowing from family or friends	19%
Using my bank account overdraft	17%
Falling into arrears with utility bills	14%
Cutting back on support services which help with caring	10%
Using food banks	9%
Falling into arrears with housing costs i.e. rent or mortgage payments	6%
Taking out a loan from the bank	3%
Using pay day loans	2%

<sup>4</sup> <https://www.ofgem.gov.uk/publications/price-cap-increase-ps693-april>

Worryingly, almost half of carers (45%) told us they were unable to currently manage their monthly expenses.

Carers told us that they were having to make really challenging decisions to cut down on the amount they eat or keeping their home warm to manage their finances and were increasingly worried about how they would cope.

*“Have not been able to afford to put heating on all winter so far as I can’t afford to heat the house and food shopping bill. Already using foodbanks to help as well.”*

45% of carers were using their savings to manage their monthly expenses. Not only does this reduce financial resilience, it significantly impacts their ability to plan for the future and to have the money they need for retirement.

*“The benefits we receive do not cover our monthly expenditure. We have relied on savings for several years. We are fortunate, that before my Husband got ill, we were sensible with our money & managed to save/invest some. We would be really struggling without this safety net, and will in the future, when that gets depleted.”*

## **Rising costs**

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When we asked carers how their financial situation has changed over the last 6 months, it’s clear that it has become much more challenging. Not all carers are able to meet additional financial costs. Nearly two thirds (62%) of all carers said their financial situation had got worse. This rose to 80% of carers who said they are unable to manage their monthly expenses.

We know that caring often comes with additional household costs from equipment and services, to specialised food. We asked carers what they are now spending more money on. Energy prices have soared across the UK, it therefore was unsurprising that the vast majority of carers (89%) have seen their energy bill increase. Increases in inflation are also hitting carers’ finances. Three quarters of carers (75%) are also spending more on food and drink and over half (54%) are spending more on cleaning products.

**Table 2: Are you currently spending more money on any of these products or services**

<b>What are you spending more on?</b>	<b>Percentage of carers</b>
My energy bill has increased	89%
I am spending more on food and drink	75%
I am spending more on cleaning products	54%
I am spending more on transport costs	49%
I am spending more on supplies for the person I am caring for (e.g. incontinence pads)	35%

I am spending more on supplies to keep the person I care for safe (e.g. PPE, mask, hand sanitiser)	34%
I am spending more on consumer goods (e.g. clothes, household items)	31%
I am spending more on housing costs (e.g. rent or mortgage)	21%
I am spending more on equipment for the person I care for (e.g. adaptations or medical devices)	20%

Carers have also seen increases in the cost of products and services they need for the person they are caring for. 35% of carers are spending more on supplies such as incontinence pads, 34% are spending more on supplies to keep the person safe such as PPE, and 20% are spending more on equipment such as adaptations or medical devices.

*“The cost of living with people who require significant additional care is so high. It’s not just a case of turn the heating down or off. Buy less food. Take fewer trips out. These are things that are essential for safety, mental health and all revolve around the additional needs of the cared for. It’s so, so expensive and the cost of specialist equipment for them is unbelievable.”*

It’s clear from our results that carers’ financial resilience is being pushed to the limit where many are facing increased financial stress including when providing end of life care.

*“It seems everything has increased in cost apart from the money we have to live on. It means that I don’t always have 3 meals a day now. We don’t always have the heating on. Why should someone who has a terminal illness not afford to have a warm home?”*

The costs of care have also risen 78% of carers who were using care services said they had increased.

*“1st Jan 2021, our live-in care cost for my daughter increased by approximately 18%. The local council has only given us a 3.5% increase to cover the cost, so far I have managed the personal budget/direct payment but we have not received the total increase yet for last year. ... Now we have just received a letter telling us the rate for my daughter’s live-in care will be increasing by £355 per week from 1st March 2022, in line with the National Living Wage. The impact on us as a family has been stress and more stress.”*

*“Support workers require more money and leave, because they can easily get better paid employment elsewhere. My council allows me to pay £9.50 per hour, but care agencies local to me pay £10 to £15.00 per hour and other local business pay above £10.00 per hour with better conditions. This means I have to pay 1.25 hours so my son is getting less than his allotted hours.”*

## **Worries about the future**

We asked carers how they felt about the expected increases in the cost of living. Over half (55%) of carers did not feel confident that they would be able to manage their monthly expenses in 6 months’ time. This has more than doubled from September 2021

when 21% of carers told us were worried about managing their monthly expenses in the next year<sup>5</sup>.

Carers told us that they are increasingly worried about how they were going to continue to manage in the face of rising costs. The vast majority 83% were worried or extremely worried about how they will manage their monthly expenses if costs keep increasing.

*“The more {costs} increases will mean the more debt we get in and less food. We will rely on food banks again and basically go hungry like in first lockdown.”*

Three quarters (75%) of carers said they felt stressed and anxious when thinking about their finances. This has also significantly increased from September 2021, when 52% of carers felt stressed and anxious when thinking about their finances<sup>6</sup>. This rose to 93% of carers who are unable to manage their monthly expenses, and 87% of carers who are receiving Carer’s Allowance or Universal Credit with Carer Element.

*“Very anxious, Universal Credit doesn’t even cover utilities or food expenses. I gave up work to care for my father & mother in their 80’s. My mother had a stroke & Dad could not cope. I have used my life savings for the last 4 years & now I’m broke”*

Carers told us they were also worried about what steps they would need to take to manage their current finances. Three quarters were worried they would have to cut back on heating, and almost a third (32%) were worried they would have to use a foodbank. This increased to 88% were of carers who received Carer’s Allowance or Carer Element with Universal Credit worried they would have to cut back on heating and 58% were worried they would have to use a foodbank.

*“Additional sensory supplies and social club/ summer club costs/ training courses all add up. I can continue to cut back, but it is difficult managing finances when you have additional costs when you care for a disabled child/person.”*

## **The impact of rising energy costs**

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Energy prices have already soared across the UK, with the Ofgem increasing the price cap for energy bills by 54%. Energy prices are set to continue increasing, with another increase in the energy price cap expected in the Autumn. Despite the Government’s intervention to provide support with council tax payments and to reduce energy bills, many carers are worried about how they are going to manage with increasing energy costs – many choosing between heating or eating.

### **Table 3: Energy prices are forecast to rise significantly, how will this affect your financial situation?**

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<sup>6</sup> Ibid

<b>Effect of energy prices on your financial situation</b>	<b>percentage of carers</b>
It will cause significant financial hardship	48%
My health, or the health of the person I care for, will be negatively affected	46%
I will be unable to heat my home to a safe level	42%
I will have to cut back on food	37%
I will have to dip into my savings	35%
It will push me into debt	21%
I will be able to manage the increases in energy costs	16%
I will have to rely on credit cards	12%

Almost half of carers were worried that the increases in energy bills would lead to significant financial hardship.

The rising energy costs are putting the health of people with disabilities and long term conditions at risk as families struggle with costs. Worryingly, 46% of carers thought the increases in energy bills would negatively affect their health or the health of the person they care for, and 42% thought they would not be able to heat their home to a safe level.

*“I have to have things warm due to {caring for someone with} Reynard Syndrome but if the bills go up I’ll either have to cut back on food or heat so either way I’m limiting my quality of life.”*

*“Mum is bedbound with advanced Parkinson’s so she needs the house to be quite warm especially when she is being bed-bathed, etc. but we can’t afford to keep the heating turned up high.”*

Many carers cutting down on energy usage is not an option, as the person they care for requires lifesaving equipment that must be kept on, or their condition requires them to be kept warm.

*“My disabled child has a heart condition which makes her feel the cold so are heating is on a lot of the day and night. Also with the cost of electricity going up we have to put life saving equipment on charge 24/7 with no help from our electricity supplier.”*

*“Son relies on life saving equipment which must be constant and available at all times i.e. hospital pressure mattress oxygen nebulizer suction hoist air con heating lighting etc.”*

## **Carers in receipt of Carer’s Allowance or Carer Element with Universal Credit:**

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Cares in receipt of carers allowance or Carer Element of Universal Credit were more likely to be facing precarious financial positions, and to be making sacrifices to ensure they can cope financially.

- Two thirds of carers (67%) say they are unable to meet their monthly expenses
- A quarter (24%) are using foodbanks to manage
- Nearly two thirds (64%) are cutting back on heating and a third (33%) have already fallen into arrears with their utility bills
- Nine out of ten (87%) are stressed and anxious about their finances
- Six out of ten (59%) are worried about increased energy bills affecting the health of the person being cared for or their own health
- Six out of ten (56%) were worried about not being able to heat their home to a safe level
- Over half (55%) are worried about increased energy bills will mean they have to cut back on food

## **Living with Covid-19 costs**

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Many unpaid carers will be extremely concerned about the phasing out of free Covid-19 tests. Unpaid carers have gone to extraordinary lengths to keep the person they are caring for, who is often vulnerable to Covid-19, purchasing their own PPE, reducing their social contact and looking to use online shopping. 34% of carers are already spending more on supplies to keep the person safe.

*Many carers told us about the challenges they have faced during the pandemic, and the impact of continued reduced social contact. Our previous research found that 91% of carers have felt lonely.*

*“Since Covid pandemic started, even more pressure was put on us. We have no support. It was a hard job before but now it's becoming unbearable. There is a lot of talk about mental health of people during lockdowns. For a regular person they only lasted few weeks at the time. Majority of people caring for severely disabled have been on full lockdown for nearly 2 years. No one seems to care or understand the damage it is doing to families of disabled people. We are always overlooked by people in charge”*

*“Caring is demanding, in my case emotionally and psychologically, and it's really important that I stay well to be able to support my husband. I'm no longer able to treat myself in the ways I did previously, with short breaks, days out, courses, etc. as I need to cut down on expenses to be able to pay for essentials. This has also been impacted by Covid because I was self-employed part-time before but have not been able to work in the sectors I did before because I've had to shield.”*

Many carers they will believe it is essential for continuing to keep the person they care for safe to take regular Covid-19 tests. This could help them be able to take breaks and spend time with their family and friends. It is concerning that the Government is phasing

out free Covid-19 tests, that will at a time of financial pressure add an additional cost on carers.

## **Conclusion and recommendations**

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Unpaid carers are currently facing unprecedented levels of stress and financial worries. Since our State of Caring survey in September 2021 it is clear that the increases in the cost of living are meaning that unpaid carers are having to make extremely difficult decisions about how they manage their expenses. The number of carers who feel they will be unable to manage their monthly expenses in the next 6 months has more than doubled from 21% in September 2021 to 55%. Worryingly, 45% of unpaid carers say they are unable to manage their monthly expenses already. We are extremely concerned that as inflation continues to rise and energy bills are predicted to increase again in October that this could push more carers into precarious financial situations.

This comes on top of an extremely challenging time for carers, 81% are providing more care than the start of the pandemic without access to their usual support. A total of 72% have not had a break from their caring role since the start of the pandemic. This is having a negative impact on carers' health with 69% of carers saying their mental health is worse because of caring during the pandemic. We are concerned that the additional stress and anxiety as a result of the cost of living crisis will push carers to financial breaking point.

The majority of carers are having to choose to reduce the heating they use putting their health at risk. Many are dipping into any savings they have left or using credit cards and bank overdrafts, or falling into arrears and getting into debt. There is real concern about what the continued increases in prices and energy bills will mean for them, with almost half of carers worried that the increases in energy bills would mean that their health or the health of the person they are caring for will be negatively affected. This is on top of the impact of the pandemic where 78% of carers say the condition of the person they care for has got worse.

This will also hit areas differentially around the country. Financial stress is impacting carers in receipt of Carer's Allowance and Carers Element with Universal Credit to a greater degree. There tend to be more carers in receipt of Carer's Allowance in areas of higher inequalities and deprivation and this goes against the ambitions of the Government's Levelling Up agenda.

Carer's Allowance is the lowest benefit of its kind at just £67.60 and set to rise by only 3.1% in line with CPI in September 2021 essentially a real term cut in the value of their benefits for those on the lowest incomes. There is no targeted support to help carers struggling financially with their heating bills.

In England, Wales and Northern Ireland, carers receive lower levels of benefits compared with Scotland where carers in receipt of Carer's Allowance are paid an additional payment twice per year - Carer's Allowance Supplement. In addition, they

introduced a one-off Coronavirus Carer's Allowance Supplement to those eligible for Carer's Allowance Supplement in June 2020 – effectively doubling support

Without additional support, unpaid carers could be pushed into poverty that will have a lasting impact on their finances and quality of life.

To ensure carers are supported at this extremely difficult time, the UK Government should deliver an emergency package of financial support for carers as well as lasting strategic change for carers to reform Carer's Allowance and properly recognise carers' support :

Emergency package of financial support:

- immediately extend the Warm Home Discount scheme to ensure that it includes carers in recognition of the additional energy costs often faced by unpaid carers.
- increase Carer's Allowance and other benefits in line with current inflation predictions for April 2022. Carer's Allowance is set to rise by only 3.1% in April 2022, while inflation (CPI) is expected to reach 7.25%.
- significantly increase the level of carers' benefits including Carer's Allowance so that it is no longer the lowest benefit of its kind.
- increase the qualifying earnings limit for claiming Carer's Allowance to ensure that carers are able to work at least 16 hours at National Living Wage and ensure that it continues to rise with NLW increases.
- Reduction in care costs for families who need care – building on the Government's existing plans for social care reform.
- Ensure unpaid carers continue to receive access to free Covid-19 tests.

Strategic investment:

- Reform and modernise carers' financial support with significant increases to reflect the value of their role.
- Sufficient funding to continue essential services providing capacity and sustainability for the care sector.
- Additional social care funding to meet increased needs that have developed during the Covid-19 pandemic for both the person being cared for as well as carers.
- £1.5 billion funding solely for carers' breaks so that they have the confidence that good-quality services will be available when they need them.

Whilst there are actions that can and should be taken by the UK Government, we recognise that a broader response is needed by, for example, energy companies, supermarkets, transport providers and more to help alleviate the wider costs of living. We call on these businesses and providers to consider how they can, individually and collectively, help to reduce costs for unpaid carers.

## **About this research**

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Carers UK carried out an online survey in February 2022. A total of 3,541 carers and former carers responded to the survey – we have only included responses from the

3,337 people who are currently providing care in this report. Compared to the carer population as a whole, respondents to this survey were more likely to be caring for a high number of hours every week. Of respondents to the survey:

- 82% live in England, 8% live in Scotland, 6% live in Northern Ireland, and 3% live in Wales.
- 54% care for 90 or more hours every week, while 16% care for 50–89 hours, 23% care for 20–49 hours, and 6% care for 1–19 hours a week.

As not all respondents completed every question in the survey, a number of the figures given in this report, are based upon responses from fewer than 3,337 carers.

## Contact us

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