Third of young people forced to take second job as energy prices surge

Submitted by: Key Loans & Mortgages Limited t/a KIS Finance
Friday, 26 August 2022

WITH AN 80% RISE ON THE CURRENT ENERGY PRICE CAP, NEARLY A THIRD OF YOUNG PEOPLE ARE FORCED TO ADDITIONAL JOB TO MAKE ENDS MEET

A recent survey by KIS Finance (https://www.kisbridgingloans.co.uk) has found that nearly a third of 18 to 35 year olds have been forced to take on an additional job in order to make ends meet.

This is a marked increase since a survey by KIS Finance earlier this year, found that around a quarter of young people had been forced into secondary employment.

Today’s announcement that the 80% increase in the energy price cap will take the average annual bill to £3,549, will mean that even more people will struggle to get by on their current household income. The physical and mental toll of juggling multiple jobs is likely to be a further devastating impact of the current cost of living crisis, with young people amongst the hardest hit.

Key statistics from KIS Finance’s survey found:

• 31% of those aged 18 to 35 have taken on an additional job to help them afford basic items such as rent, heating and food.

• 63% of the population reported they are already struggling financially and expect things to get significantly worse in the near future. This is an increase from 57% earlier in the year.

• The Southeast has been hardest hit, especially in London where high house prices and living costs have led to over 20% of those surveyed across all age ranges, needing to take on an additional role.

• 69% of those aged 18 to 25 don’t expect to be in a position to buy their first home within the next 10 years.

Young people hardest hit by the cost-of-living crisis

Whilst the recent unemployment figures from the ONS show that the rate has levelled off at 3.8% over the last 2 quarters, this masks the fact that many people are now working more than one job in order to get by. Young people have been particularly hard hit, as those at the lower end of pay scales are struggling the most to afford everyday bills.

As interest rates impact on disposable income, those working in the retail and hospitality sectors, which contain a predominantly young workforce, may feel further pressure and see additional job losses as a result of the Government's plans to curb inflation.

Further interest rate hikes set to make the situation worse

With interest rates now at 1.75%, the push to contain consumer spending is likely to exacerbate the economic pain for many. Whilst the aim of increasing interest rates is to reduce spending in the economy, the reality is that it is daily essentials that are coming under pressure, with many having to choose between items such as food or heat.

Further increases in interest rates, predicted to be as high as 3% by the end of next year, will place additional pressures on those already struggling.

As the cost of commercial borrowing also increases, landlords may be forced to raise rents in order to remain viable, causing further pressures and misery for those in the rental market. Increases in rent and mortgage payments could even lead to a housing crisis, as more people fall behind with their payments.

Young people struggling more than ever to get on the housing ladder

With the recent increase in interest rates to 1.75%, the biggest increase in 27 years, young people are struggling more than ever to get onto the housing ladder. With the rising cost of mortgages, on top of spiraling fuel and food prices, saving for a deposit and affording the monthly repayments is pushing house ownership out of the reach of many. With more households pushed into fuel poverty, saving for a deposit will become impossible for many young people who are unlikely to ever escape from being a part of “generation rent”.

Inflation eating away at living standards

With inflation now at 9.4% (a 40-year high) and predicted to potentially go as high as 15%, the pressures on household budgets are not likely to ease any time soon. As energy prices soar, inflationary pressures will continue to be felt in the UK for the foreseeable future.

Evidence of a Shrinking Workforce

Whilst more young people are taking on additional roles to get by, the ONS has reported an increase in inactivity in the jobs market in the over 50s. This is reflected by the fact that there are currently over half a million less employees in the workforce than in early 2020. According to The Learning and Work Institute Thinktank, there would actually be 1.25million more people in the job market if pre-pandemic trends had continued.

Although there isn’t one clear reason behind this trend, the pandemic has played a significant role in people re-evaluating their working life and making new lifestyle choices. However, some may be forced to return to the workforce, as the cost-of-living crisis bites even harder in the coming months.

Unemployment figures have also been affected by the decrease in the UK workforce linked to post Brexit worker rules, with hospitality and nursing some of the hardest hit sectors. There has also been a significant increase in the incidences of long-term sickness taking people out of the workforce, following the pandemic.

Is a recession looming?

Worryingly, the Bank of England is now predicting that the UK will be facing recession in the final quarter of the year. As trends in the labour market tend to lag behind other economic indicators, we may see a slowing down in the jobs market that could impact on those who are now relying on more than one job to make ends meet.

Holly Andrews (https://www.kisbridgingloans.co.uk/author/holly-andrews), MD at KIS Finance comments on the findings:

“The increase in the energy price cap by 80% is devastating news for many households who are already struggling to get by.

Coming on the back of the recent increase in interest rates, this perfect storm of rising costs will push a growing number of people out of the first-time buyer market for good.

Even if they manage to save for a deposit, meeting mortgage income criteria is increasingly challenging, as a growing proportion of people’s salary is taken up with other essentials. Rising energy costs are simply going to exacerbate the situation and push home ownership further out of the reach of many young people, unless additional government support is quickly forthcoming”.

[ENDS]

Full data report:
https://www.kisbridgingloans.co.uk/finance-news/nearly-a-quarter-of-young-people-forced-to-take-on-an-additional-job-to-mak

About KIS Finance:

KIS Finance are an independent finance broker specialising in bridging finance, development finance, commercial mortgages, equity release, and secured loans. Their team of advisors have considerable experience across multiple different areas of the finance sector, as well as insurance and compliance.

Contact Sue Andrews sue@kisfinance.co.uk