

Poverty in Britain: How bad is it?

An extreme form of hardship is referred to as destitution and “*denotes the circumstances facing people who cannot afford to buy the absolute essentials that we all need to eat, stay warm and dry, and keep clean.*”¹ Researchers have estimated that more than a million households were destitute in the UK at some point during 2019.

A survey by the Food Foundation shows a 57% jump in the proportion of households cutting back on food or skipping meals over the first three months of this year. Around 7.3 million people were estimated to be food-insecure in April 2022, up from 4.7 million in January. To make matters worse the latest figures show that inflation reached 9.1% in May increasing the financial pressure on low-income families.²

Poverty can be measured in a number of different ways. Relative poverty counts the number of individuals whose household income is below 60% of that of the median individual, that is, the individual in the middle of the distribution of all incomes. Absolute poverty counts the number of people whose household income is below 60 per cent of what the median income was in a fixed year, currently taken to be 2010/11. “*Because society’s view about what is an acceptable standard of living evolves over time, relative poverty is probably a more useful measure of long-run trends in poverty.*”³ The median income in 2021 was £539 per week or around £28,000 per year. The 60% median line or poverty line was £324 or £16,848. Average income was £656 per week or £34,00 a year.⁴

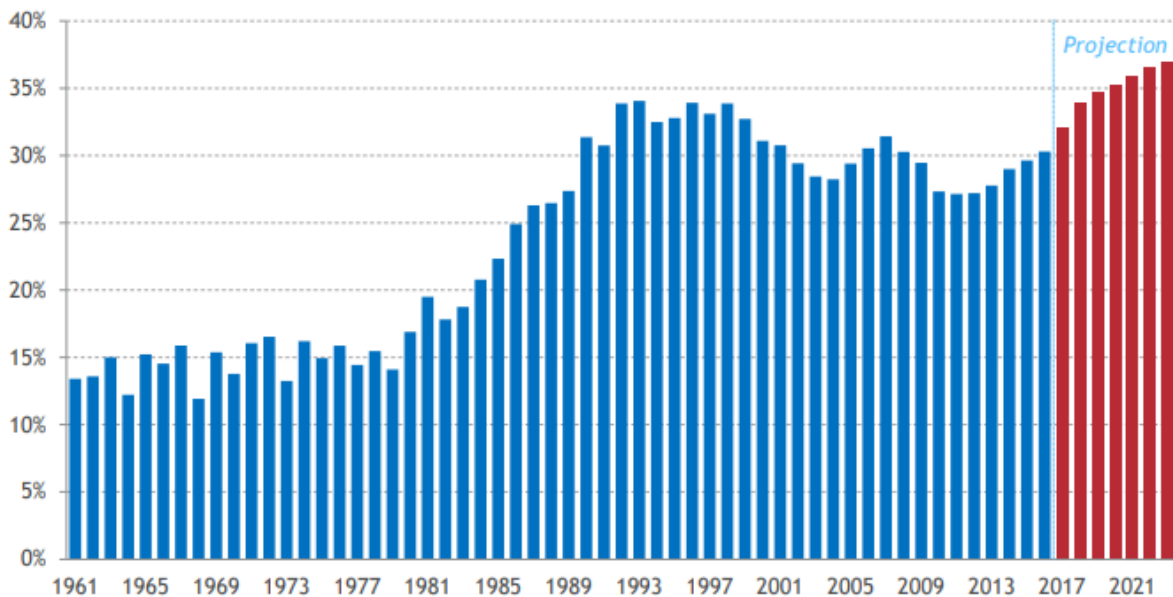
Throughout the 1960s and 1970s poverty remained at a lower level than it has been ever since at around 14% on average. It reached its lowest point of 12% in 1977. During the 1980s and 90s however there was a dramatic rise in poverty reaching 25% in 1997.⁵ Today 14.5 million people are in poverty, 22% of the population. Of these 8.1 million are working-age adults, 2.1 million are pensioners and 4.3 million are children.⁶

When comparing poverty in the UK with that in other countries we find that not everyone uses the same measure. For example the Organisation for Economic Cooperation and Development (OECD) sets the poverty line at 50% of the median household income rather than 60%. It calculates that the countries with the lowest poverty rates are Iceland, Denmark and Finland at 4.9%, 6.4%, and 6.5% respectively. The countries with the highest rates are South Africa 27.7%, Costa Rica 20.5% and the United States with 18%. The UK on this measure stands at 12.4%.⁷

The chart⁸ shows the percentage of children in Britain living in poverty after housing costs have been deducted from 1961 onwards. As with overall poverty child poverty was at its lowest between 1961 and 1979. Between 1979 and 1997 the level rose from 13% to a high of 34.1%. At this point the number of children living in poverty in the UK was 3.8 million. During the late 1990s and early 2000s child poverty fell to just over 28% in 2004. Poverty then increased for three consecutive years before falling back to just over 29% in 2009-10. Overall during Labour’s period in office between 1997 and 2010, poverty fell by 3.1 percentage points. This compares with a rise of 11.6 percentage points under Conservative governments between 1979 to 1997.⁹

Since 2010 poverty among children has continued to increase. This time the increase is largely due to a rise of poverty among children within working families. Twice as many children in poverty now live in working families than in families where nobody is in paid

employment - 2.8 million compared with 1.4 million in 2012. Poverty among children currently stands at 31%.¹⁰



While child poverty has continued to increase since 2010, poverty overall has remained almost unchanged at 22% since 2007.¹¹ The Joseph Rowntree Foundation believes that we can significantly reduce poverty by 2030 if only the political will was there. It has suggested three measures that would indicate when poverty is on the way to being solved. First - a relative poverty rate of less than 10%, second - no one experiencing destitution and third - no one in poverty for more than two years. The Foundation has said that the following actions need to be taken if these measures are to be met:¹²

- The Government needs to invest heavily in skills and retraining. The need is for good quality new jobs, less underemployment, greater security and stability of hours, and opportunities for progression
- The Government needs to reduce insecurity for low-paid workers by extending employment rights and committing to strong and effective enforcement.
- The benefits system should be strengthened so that it provides a safety net that people can depend on when times are hard. The benefits system should be presented as an essential public service and receive appropriate investment.
- There needs to be investment in more low-cost housing for families on low incomes; support for households who have high housing costs should also be increased.

Sources

1. Destitution in the UK, Joseph Rowntree Foundation (JRF), Suzanne Fitzpatrick, Glen Bramley, Filip Sosenko and colleagues, December 2020
<https://www.jrf.org.uk/report/destitution-uk-2020>
2. Food Insecurity Tracking, The Food Foundation, April 2022.
<https://foodfoundation.org.uk/initiatives/food-insecurity-tracking>; Food insecurity or food poverty is the state of being without reliable access to a sufficient quantity of affordable, nutritious food.
Consumer price inflation, UK: May 2022, Office for National Statistics
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/may2022#consumer-price-inflation-rates>
3. Living Standards, Poverty and Inequality in the UK: 2019, The Institute for Fiscal Studies, June 2019 page 37 <https://ifs.org.uk/uploads/R157-Living-Standards-Poverty-and-Inequality-2019.pdf> 2010/11 is the base year used by the Department for Work and Pensions in their Household Below Average Income (HBAI) statistics
4. Households Below Average Income: An analysis of the income distribution FYE 1995 to FYE 2021, Office for National Statistics, Section 3 Figure 4, April 2022
<https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2021/households-below-average-income-an-analysis-of-the-income-distribution-fye-1995-to-fye-2021>
5. Income and living standards 1870-2010, Ian Gazeley, in The Cambridge History of Modern Britain 2014, pages 169 to 171 especially Figure 6.2 and Table 6:11
6. UK Poverty 2022: The essential guide to understanding poverty in the UK, Joseph Rowntree Foundation, January 2022 page 10
[file:///C:/Users/Mike/Downloads/uk_poverty_2022%20\(1\).pdf](file:///C:/Users/Mike/Downloads/uk_poverty_2022%20(1).pdf)
7. Poverty rate (indicator) OECD June 2022 <https://data.oecd.org/inequality/poverty-rate.htm>
8. Living Standards Outlook 2019, Resolution Foundation, February 2019, the chart page 44 <https://www.resolutionfoundation.org/app/uploads/2019/02/Living-Standards-Outlook-2019.pdf>
9. Poverty and Inequality in the UK: 2011, Institute for Fiscal Studies, May 2011 page 40 Table 4.1; also page 39 <https://ifs.org.uk/comms/comm118.pdf>
10. The essential guide to understanding poverty in the UK, Joseph Rowntree Foundation, January 2022 page 10 [file:///C:/Users/Mike/Downloads/uk_poverty_2022%20\(1\).pdf](file:///C:/Users/Mike/Downloads/uk_poverty_2022%20(1).pdf)
11. Living Standards, Poverty and Inequality in the UK: 2021, Institute for Fiscal Studies, July 2021, page 4 point 5 <https://ifs.org.uk/uploads/R194-Living-standards-poverty-and-inequality-in-the-UK-2021.pdf>
12. We Can Solve Poverty in the UK, Joseph Rowntree Foundation, September 2016
<https://www.jrf.org.uk/report/we-can-solve-poverty-uk> UK Poverty 2020/21, Joseph Rowntree Foundation, 2021 pages 5 and 6 of the full report
<https://www.jrf.org.uk/report/uk-poverty-2020-21>