

# Britain's Rowntree Foundation: The poor are getting poorer

Barry Mason  
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The Joseph Rowntree Foundation has found that the poorest people in the UK cannot achieve what most people regard as a minimum standard of living and that the latest budget will make the situation for them worse.

A single person now needs ?14,400 a year to access essential goods and services and a couple with two children need ?29,200.

The findings are published in the latest report by the Rowntree Foundation and are based on work done by the Centre for Research in Social Policy at Loughborough University.

The Rowntree Foundation first initiated the concept of a Minimum Income Standard (MIS) in 2008. It is considered to be a more representative figure than the official poverty level of 60 percent of median income. The Rowntree report shows that even households which are not officially categorized as living in poverty cannot afford essential goods and services. It means that those on benefits or in low paid work do not have sufficient income to fully participate in society.

MIS is calculated by asking representative groups of ordinary people what they consider the income necessary to be able to live a minimum standard of living. This current revision of the figure was arrived at following a set of nine discussions. The researchers looked at incomes needed for three demographic groups—working aged adults without children, families with children and pensioners.

An MIS is defined as “A minimum standard of living in Britain today (that) includes, but is more than just food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.”

Those interviewed for the latest report considered that Internet access was essential for any household with

working age adults and children.

The pressure group set up to encourage Internet access, Race Online 2012; states that 10 million people in the UK have never been online. Of the 10 million, “Worryingly, four million of these people are also amongst the country’s most socially excluded. So the people who have the most to gain from the Internet—whether to overcome isolation or to save money—are the ones who are missing out.”

The researchers found that most people thought it was necessary to have a telephone landline, mainly to be able to facilitate internet access, to have sufficient income to be able to use public transport and for occasional taxi use. They also considered it necessary for people to be able to socialise with family and friends and be able to access public entertainment facilities.

Those questioned also agreed a minimum income standard should be sufficient for people to have a one week holiday each year within the UK and to be able to provide entertainment and gifts for birthdays and communal festivals such as Christmas.

The report examined how the minimum income standard figures compared to the current level of social security benefits, the minimum wage and the official poverty line. For working age adults with no dependent children the basic out of work benefit levels provides less than half the MIS, for those with dependent children it provides about two-thirds. For pensioners the safety net benefit, Pension Credit, would give pensioners the MIS. But the report points out that many of the senior citizens eligible do not claim this benefit. They find the process too complex or regard it as humiliating.

For those in work the situation is often worse than for those on benefits. A working couple with two children

would need to be on an hourly rate of ?7.60 to give them an MIS. The current national minimum wage is ?5.80 an hour.

The Conservative-Liberal Democrat coalition government is moving rapidly ahead with plans to force those on benefits into work. It is clear from this present report that few of them will be able to secure an adequate income for themselves and their children.

The recent budget raised the threshold at which income tax is paid by ?1,000. Potentially a working couple with children will be ?320 a year better off as a result. But the reduction in child tax credits will cut that family's income by ?300. The freezing of child benefits will deprive them of a further ?50.

Added to this the family will have to cope with the cap on Housing Benefit if they pay rent. The increase in VAT will hit a basket of essential goods and services. It is a regressive tax which falls disproportionately on the poor.

The report makes the point that low income households are particularly vulnerable to increases in inflation. Basic goods and services make up a higher proportion of the expenditure of a household on minimum income than for a wealthier household. Over the last 10 years, food prices have increased by 37 percent, bus fares by 59 percent and council tax by 67 percent. The effective rate of inflation for those on low incomes is therefore higher. But benefits are only uprated in line with official level of inflation.

A separate report, "Counting the Costs 2010", just published by the organisation to support families with disabled children, Contact a Family, highlights the impact of economic crisis. They surveyed over a thousand families with disabled children, and found that nearly a quarter were going without heating, one in seven were going without food and three quarters have no access to leisure or days out and that nearly 70 percent never had a holiday.

Around a third had fallen behind on payments for loans or credit and a half had had to borrow from friends or family to cover the cost of necessities. Nearly all of them said financial worries were having a detrimental impact on the life of the family.

The report concludes that "financial worries impact greatly on a family's well-being, quality of life, relationships and ultimately their health. Families with disabled children are already under enormous practical,

physical and emotional pressures."

Donald Hirsch, Head of Income Studies at the Centre for Research in Social Policy, Loughborough University, who co-authored the Rowntree report pointed out what the findings mean:

"This new research underlines how people living close to the minimum income standard can end up not having enough if economic trends start going against them. For example, a single person who a decade ago had just enough to get by, and whose income has risen in line with official inflation, cannot afford a minimum budget today. Big rises in the prices of things like food and council tax means that they are nearly ?20 a week short of what they need, and must think of what essentials they will go without."

It is not just a question of "economic trends", however, but of government policy. The coalition government has taken a decision to transfer wealth from the poorest members of society to the richest after years in which Labour did the same. The situation documented in the Rowntree report is largely the result of Labour's period of office and reflects the huge social division that opened up between the financial oligarchy and the majority of working people. Two thirds of the cuts now in place were already being planned by Labour before the election.



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