

UK poverty entrenched and deepening

Robert Stevens
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The Joseph Rowntree Foundation survey, “Monitoring poverty and social exclusion 2011” [PDF], reveals the terrible scale of entrenched poverty in the UK.

The Rowntree report is based on data collected by the Department for Work and Pensions for 2009/2010, the latest year for which there is full data.

Rowntree’s previous report, from 2008/2009, found that 13.5 million people (22 percent) in the UK lived in poverty. The Rowntree figures reveal that in the 2009/2010 period, 22 percent of the population were still officially living in poverty. Living in poverty is defined on the basis of the income of a household after tax being below 60 percent of the national median. The report also deducts housing costs and housing benefits from household income, and factors in the numbers, and ages, of people living in a household.

On this basis, after taxes and housing costs had been deducted, 60 percent of median income was calculated at £124 per week for a single adult and £214 for a couple with no children. It stood at £210 for a lone parent with two young children and £300 for a couple with two young children.

The level of “deep poverty” (household incomes of less than 40 percent of the median) was also very high, with 10 percent of the population affected. Poverty among children stands at 29 percent and for old age pensioners stands at 16 percent.

The majority of people in poverty in Britain today are not those forced to live on lower than subsistence level welfare benefits, but are part of growing number of “working poor”.

The Rowntree report found, “Among working-age adults in poverty, 53 percent live in working families (that is, either they or their partner are working).”

Since 2001/2002, the increase in the number of working-age adults in poverty was 2 million. In 2009/2010, the number of working-age adults in

working families who were living in poverty stood at 4 million.

Millions of children continue to live in poverty. In 2009/2010, 2.1 million children, more than half of all children in poverty, were living in working households.

Child poverty is set to soar as a result of the austerity measures being imposed by the Conservative/Liberal Democrat government. The Treasury’s own figures were drawn up after Chancellor George Osborne’s autumn budget statement acknowledged “an estimated increase of around 100,000 in 2012-13” in the child poverty figure.

The government then attempted to claim that the CPI rate of inflation was currently higher than the growth of average earnings, asserting that uprating benefits by the CPI rate of inflation would eventually cause child poverty to fall.

This manipulation of figures was challenged by the Institute of Fiscal Studies (IFS), which confirmed that up to 100,000 more children would be pushed below the poverty line as a direct result of government policies. Speaking to the *Guardian*, Robert Joyce of the IFS said of the government’s measures, “Tax credit cuts will make low income children worse off as will cuts to local housing allowance. The government will have cut the welfare budget £18 billion a year by end of parliament. That is clearly going to have absolute impacts on many lower income people.”

Another study by Rowntree, published in October, forecasts that a further 700,000 children will be pushed into poverty by 2020.

The latest Rowntree reports detail the devastating extent of underemployment and unemployment in the UK. It points out that “in the first half of 2011, some 6 million people in the UK were underemployed. This had changed little from 2010. Underemployment had not been this high since 1993.”

Unemployment has risen markedly since the period

analysed by Rowntree, when 2.5 million people were officially unemployed. In the three months to October of this year, unemployment hit its highest level since 1994, when it shot up by 128,000 to 2.64 million.

This week, the Chartered Institute of Personnel and Development (CIPD) think tank warned that unemployment would continue to rise to 2.85 million in 2012, stating that the private sector would not be able to offset the 120,000 job losses set to go in the public sector. However, the CIPD report is wildly optimistic, as its figures are premised on there being no widespread new job loss losses in the private sector and a “relatively benign outcome to the eurozone crisis.”

According to official figures, up to 710,000 public sector jobs will be lost by 2017. Tens of thousands of people have also been arbitrarily deprived of unemployment and disability benefit payments.

Rowntree’s study examines the scale of fuel poverty in the UK, which has risen drastically over the last decade. Fuel poverty is defined as when a household spends 10 percent or more of its income on gas and electricity bills. The report states, “The proportion of households who struggle to keep their homes warm has risen for all tenure types since 2003. That year, around 6 percent of all households were in fuel poverty.”

It noted, “By 2009 18 percent of all households, and 21 percent of those in rented accommodation (social or private), were in fuel poverty. This threefold increase is the steepest of any indicator in this report. In 2009, some 4 million households were in fuel poverty.”

This figure has been superseded by the huge growth in fuel poverty, from nearly one in five households last year to one in four this year. According to a recent report by statutory consumer body Consumer Focus, a quarter of all households in England and Wales have now fallen into fuel poverty.

The government had previously forecast that this year would see 4.1 million households in the UK in fuel poverty, but the Consumer Focus figures reveal that there are now more than 5 million households in fuel poverty in England alone.

In 2012, millions more people will be thrown into poverty due to the more than £2.5 billion of reductions to tax credits, which top up the income of low income families. James Plunkett, secretary of the Resolution Foundation’s Commission on Living Standards, who carried out research into the impact of the tax credit

cuts, said, “When it comes to tax credits, 2012 is the year cuts bite deepest.”

The foundation noted that low- to middle-income households receive 56 percent of all tax credits in cash terms and will be hit disproportionately. A couple with two children and an income of £40,000 a year will see their income fall by 8.9 percent this year and next year, and by 14.5 percent by 2013-2014.



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