

Rising food and fuel prices driving millions more Britons into poverty

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A recent report, carried out by the Joseph Rowntree Foundation (JRF) think tank, alongside poor growth forecasts from the Institute for Fiscal Studies, (IFS) reveal that poverty levels in the UK will escalate in the coming period.

The JRF report, “Households below a Minimum Income Standard: 2008/09 to 2014/15,” shows that 4 million more people in Britain are now living below a minimum accepted standard.

The Minimum Income Standard (MIS) is accepted as a benchmark—rooted in what the public accepts as what is needed for a minimum socially accepted standard of living—for people to be able to meet material needs, and “take part in society.” The report examines what percentage of people fell below this benchmark.

The JRF found that between 2008-2009 and 2014-2015, those classed as living below the MIS has risen by 4 million, from 15 million to 19 million—equivalent to 25 percent to 30 percent of the population.

The figures include the 8 million families that have been described by Theresa May’s Conservative government as “just about managing.” These families are considered to be making ends meet, yet struggling to earn enough to have an adequate standard of living.

JRF chief executive Campbell Robb said government policies were at “...the expense of those at the poorest end of the income scale, and it must remember just about managing today can become poverty tomorrow.”

The JRF highlights the plight of the 11 million people who are living well below the MIS, and whose numbers have risen from 9.1 million. By 2020, the cost of living could rise by 20 percent, placing enormous pressure on household budgets, exacerbated by freezes in tax credits and working age benefits.

These families’ incomes are already 75 percent

below the MIS, with the JRF stating they are at high risk of being in severe poverty, living day to day in a financially precarious situation.

Low income hotspots that have fared less well in recent years include London, Northern Ireland, the North East and the West Midlands. These have the highest proportion of individuals with incomes below the MIS, though all regions have seen a rise in individuals with inadequate incomes between 2009 and 2013.

People living in the rented sector are at a greater risk of low income than owner-occupiers, with nearly two-thirds of individuals in the social-rented sector having an income below MIS. Just under 50 percent of individuals in the private-rented sector have incomes below this level.

Since the global financial crash of 2008 and the £1 trillion bailout of the banks, the minimum price of a basket of goods has risen from 27 to 30 percent, while at the same time, average earnings have only risen by half that amount. This is the result of savage attacks on incomes resulting from the austerity measures imposed by successive Labour and Tory governments since the crash.

Children living in lone-parent families are at a greater risk of low income. This risk has risen substantially and continues to grow. By 2014-2015, a mere one-in-four children with a lone parent had a household income that was considered sufficient to reach a minimum acceptable standard of living, with nearly half having incomes below 75 percent of this level.

Pensioners have also seen some increase in their risk of low income. This specifically includes single pensioners, and is attributed to increases in the costs of basics, such as food and domestic fuel.

Following the 2008 crash, there was a greater risk of

falling into the low income threshold for working age households due to a reduction in employment. Though employment rates have recovered as a whole over the intervening period, there is still an increased risk of being below the MIS, due to employers continuing to pay workers low wages, including those in full-time employment.

The substantial increase in the numbers of those below MIS since 2008 has been driven by the increasing inadequacy of wages and benefit levels, relative to costs. State support through tax credits and working age benefits has been frozen, and this will affect those in work who are dependent on state support via tax credits (a top-up for low income workers).

This situation is not likely to get any better, with forecasts for economic growth being poor. The Institute for Fiscal Studies predicts that households will be worse off by 2021.

Britain is now experiencing the weakest growth in living standards in 60 years, hitting lowest income families the hardest. The IFS said that incomes for the average family would not grow at all over the next two years. It predicts that incomes will be lower by 18 percent in the years 2021-2022 than could have been expected in 2007-2008.

A childless couple are about £5,900 a year worse off than pre-crash incomes. This figure rises to £8,300 a year for a couple with two young children.

The IFS found that if benefit cuts are implemented as planned, including the freezing of previously uprated benefits, it is likely the poorest 15 percent of the population will have lower incomes in five years time.

Latest official figures on wages showed that pay growth slowed unexpectedly to 2.6 percent in the final quarter of 2016, despite record rates of employment. The IFS said this amounted to the most sustained slowdown in income growth since comparable records began in 1961.

The Office for Budget Responsibility (OBR) suggests that GDP growth will continue to slow into the next year, as economic uncertainty leads to firms not investing. This will increase pressure on consumers' living standards, said the OBR, due to higher import prices because of the fall in the value of the pound.

The last decade has seen an enormous growth in inequality, with living standards falling for millions of people—something that has not been seen since the

1930s in Britain. Lower wages and increased prices for the basics required in order to live only spell further disaster, as many more are thrust into poverty.

The latest reports point to a growing number of people who are working, yet not able to afford to live adequately from day to day, thus increasing the number of people who constitute the working poor.



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