

Over 800,000 workers fall off payrolls, as poverty rockets in Britain

Julia Callaghan
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This week, it was revealed that there are now an estimated 819,000 fewer people employed on company payrolls in Britain since the start of the coronavirus crisis in February. The figure was compiled by the Office for National Statistics (ONS) using PAYE (pay as you earn) tax data from HM Revenue and Customs.

The latest unemployment data shows an increase in October, up slightly from the previous month. However, the fact that approaching 1 million workers are no longer on the payroll, in comparison with those in work at the start of the pandemic, shows the scale of the crisis afflicting millions who have lost their jobs and livelihoods. Over a third of the fall in the number of workers on the payroll is accounted for by the hospitality sector.

At the same time, the ONS reported that the number of redundancies hit a new record quarterly high of 370,000 in the three months to October.

The number of people claiming welfare benefits increased to 2.7 million in November, according to the ONS. This includes the unemployed, as well as those employed but on low incomes and reduced hours as companies can no longer offer them full-time employment.

Hundreds of thousands of workers and young people unable to find jobs face hardship and deprivation.

Several recent reports have exposed the shocking scale of poverty in the UK, as years of austerity and attacks on workers' living standards are being compounded by the coronavirus pandemic.

A study by the Joseph Rowntree Foundation (JRF) reveals that in 2019, even before the coronavirus outbreak, 2.4 million people in the UK had experienced destitution—a 54 percent increase in just two years. The 550,000 children among these who suffered represented a rise of 52 percent over the same period.

The JRF defines destitution as the inability to meet the

conditions for “basic physiological functioning”, meaning a lack of two or more of shelter, food, heating, lighting, weather-appropriate clothing or basic toiletries. In income terms, after housing costs, this equates to less than a weekly income of £70 for a single adult or £145 for a couple with two children.

As well as the staggering escalation in the numbers of people experiencing destitution between 2017 and 2019, the destitution itself was also found to be more severe, with more households experiencing both lack of multiple essential items and a very low income, or none at all.

In the wake of the pandemic, £350 billion was funnelled into the pockets of the super-rich in business guarantees. However, less than a third of that sum (£100 billion) has been used to support the millions of working people who have lost their incomes. As a result, the JRF expects the number of people facing destitution to double. This means an estimated two million families, including a million children, face a serious struggle for life itself.

Official UK poverty figures covering 2020 will not be available until 2022, but the Legatum Institute has used up-to-date data to create a model of the likely level and distribution of poverty by this time. While praising the government's “strength of reaction” to the pandemic, the right-wing Tory think tank nonetheless says that almost 440,000 people were plunged into poverty in summer 2020 and then almost 700,000 more in the winter. This puts the total number of people living in poverty in the UK at more than 15 million, or 23 percent of the population.

But even this is a conservative estimate compared to that of the New Economics Foundation, which has produced figures showing the number of people falling below the “minimum socially acceptable standard of living” having now reached an “eye-watering” 20.6 million—or around three in 10 people. “Worse still,” says

the report, “this is set to rise further by the end of winter, to a total of 22.5 million living below the minimum income standard by April 2021, and 13.3 million below the threshold for especially high risk of deprivation.”

The worst affected are working people who have lost their income during the COVID-19 crisis, particularly young workers, and those in the lowest-paid jobs, who were already in a precarious financial situation, unable to cope with any unexpected costs or changes to their working situation.

Paltry welfare benefits do not provide a “safety net” from the harsh effects of job or income loss. Compared to other benefit systems around the world, the UK is winning the race to the bottom. Data from Human Rights Watch shows welfare support for children and families (as a proportion of GDP) was slashed in half between 2010 and 2018. The Institute for Fiscal Studies says the UK benefit system now replaces just 13 percent of average earnings for single people and 20 percent for couples, against international averages of over 50 percent.

In addition to poverty-level benefit rates, the five-week minimum wait between filing a claim for Universal Credit (welfare) and receiving the first payment pushes many immediately into a desperate situation. Claimants are often forced to take out a “budgeting advance” to see them through these initial weeks, which then must be paid back through deductions to the already measly subsequent payments. This means that by the time their claim goes through, many are already in debt to the government. The JRF calls this “destitution by design”, with a Universal Credit claimant in its report quoted as saying, “As soon as my claim went through... I owed them £514... Because for six weeks, I had no income, so when I got the advance, that went on everything that I [already] owed... you’re just never catching up, because of the way it starts.”

The number of those claiming Universal Credit has doubled over the course of the year, rising particularly rapidly between March and May.

The UK’s largest food bank network, the Trussell Trust, agrees that this government enforced debt is a “core driver of destitution”. Almost half of those who used food banks this summer faced having money taken from their benefit payments by the government, with three quarters of those repaying Universal Credit debts.

In the six months from April to September, the Trust saw demand for its food parcels increase by 47 percent and estimates it could give out nearly 2.5 million meals in the run-up to Christmas, with two fifths of these set to go to children.

Revealing the precarious situation confronting many of the 16 million Universal Credit recipients, the meagre £20 weekly temporary uplift to the benefit introduced at the start of the pandemic has reportedly kept around 700,000 people, including 300,000 children, above the poverty line. The government is to remove this additional payment at the end of March, with many experts warning of the devastating effect this will have. Even with the extra £20 per week, the average benefit income of a family with children is still £2,900 a year less than it was in 2011. JRF director Helen Barnard said, “There is no conceivable scenario in which [the £20 top-up] will not be needed, and inaction risks a sharp rise in poverty.” Save the Children’s head of poverty, Becca Lyon, said, “Parents tell us they’re already having to go without meals or electricity when their money runs out—they simply cannot afford to lose over £1,000 a year.”

The approximately two million people on “legacy benefits” rather than Universal Credit have been excluded from the additional weekly £20. From April, these claimants, many of whom are disabled, will receive an “increase” of just 0.5 percent to their payment—equal to just 37p per week.

This month, tens of thousands receiving Universal Credit, who made their first claim at the start of the pandemic in March and have not worked since, will be told that their benefit payments will be capped. On average, that will make these households £250 per month worse off from January 2021, with many at immediate risk of destitution. Shelter housing charity chief executive Polly Neate said the benefit cap “limits families’ basic incomes to the point where parents have to choose between paying their rent or feeding their children. And too many get to the point where they have no choice, and homelessness becomes unavoidable.”

These same desperate and rapidly worsening living conditions faced by millions of people in one of the world’s “richest” countries are shared by hundreds of millions more internationally.



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