



UK POVERTY 2022

The essential guide to understanding poverty in the UK



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Foreword from the Grassroots Poverty Action Group

No one should have to experience poverty but it shapes our daily lives and those of more than 1 in 5 people across the UK. As we write, individuals and families like us are already struggling to make ends meet this winter and these hard times could plunge us deeper into poverty. We constantly worry about the rising cost of food and energy, and that stress is another threat to our health and wellbeing, especially when our incomes make it impossible to save and we are already dragged down by debt. The impact of the Covid-19 pandemic continues to have the worst impact on people who have the least. The impact is not only financial – it has become harder (and at times impossible) to access the essential public services we need to maintain our health, meet our social care needs, and access support and advice.

About the Grassroots Poverty Action Group

In summer 2020, JRF brought together people with direct experience of poverty to work with members of their evidence and impact team to form the Grassroots Poverty Action Group. We are a diverse group, representing communities from across the UK who are most at risk of living in poverty, including lone parents, disabled people, and unpaid carers. This is the second time we have worked together, combining JRF's analysis of statistical data on poverty with our experiences of living on a low income. The content of this report is shaped by more than 25 hours of discussion, directing JRF analysts to the issues that most affect people living in poverty and discussing the emerging findings.

Poverty, health and social security

One frequently raised issue is the link between poverty and health. We've known for some time now how poor health can adversely affect your financial situation, and vice versa, but the need to do something to change this feels ever more urgent. The pandemic has really put a spotlight on our health, both physical and mental. Many people have struggled with the emotional and psychological toll this period has taken on us. Those of us with disabilities or health conditions that prevent us from working have been held back further because of the reduced number of face-to-face doctors' appointments, referrals, treatment and assessments. The health and social security systems are intrinsically linked, and these systems and processes affect one another. Our health, as diagnosed by medical professionals, may be re-evaluated by the people deciding on our entitlement to benefits. The financial support you can get might vary as your health gets better or worse.

It seems reasonable to expect we will continue to feel the effect of Covid-19 for some time. The problem will not go away by itself – it's time to step in and do what we can to weaken the links between poverty and ill-health. None of us should be pulled into poverty because we are unwell, and none of us should be put under such pressure and strain by poverty that we become sick.

Living in poverty

Something that is difficult to imagine without experiencing it is how relentless poverty is; how you're so utterly consumed by financial hardship that it affects every decision you make on a daily basis. Though the numbers tell us a great deal about the situation of poverty in the UK, this is a story that cannot be told solely through graphs and charts. Nobody in our society should have to experience the looming sense of dread as you consider whether to put the heating on and what you will have to go without if you do. When you live in poverty, the options available to you are severely reduced. You have to carefully account for each penny, and it's just not possible to put money aside for 'that rainy day'. As a result, when the unexpected happens, as it invariably does, you have no financial resilience to fall back on when things go wrong.

It's this combination of pressures and the lack of financial lifelines such as credit, savings or help from family that sweeps us into poverty and leaves us fighting every day against the strong currents that keep us down. We need co-ordinated commitment, effort and action on the intersecting issues and challenges identified in this report to turn back the tide and offer security for the many people experiencing hardship across the UK.

Executive summary

What is the picture of poverty at the start of 2022, coming up to two years after a global pandemic struck? To an extent the picture is unclear: we don't yet have official poverty data covering the pandemic period, and we know that the quality of the very surveys we rely on for this information were affected by the onset of the pandemic.

But many sources make it clear that while some groups have been well supported and face better prospects as we enter 2022, others face deep and persistent poverty. In a way this is much better than might be expected given the economic and social shock the country has been through.

We know poverty at any stage in life can lead to negative impacts and so it is critical to scrutinise the data thoroughly to work out who is worst affected, determine how trends are changing over time and see what future prospects are.

Better prospects for some, but for others poverty is proving deep and persistent

On the upside, gross domestic product (GDP) is projected to recover to its pre-pandemic level by the start of 2022 and the rise in unemployment has been much smaller than the dire initial forecasts, and is projected by the Office for Budget Responsibility (OBR) to peak at less than 5.5% and to improve over its forecast period, thanks in part to measures brought in to support the labour market, such as:

- the Coronavirus Job Retention Scheme (furlough) and the Self-Employment Income Support Scheme
- increases in the National Living Wage towards its two-thirds of median target
- changes to the taper rate and work allowance strengthening Universal Credit support for in-work families.

Alongside these changes, housing support in the welfare system was re-linked to housing costs following a freeze in rates over several years. Other temporary changes to the benefits system, including the temporary increase to Universal Credit and Working Tax Credit, will have supported living standards for families receiving these benefits, while eviction freezes and actions on homelessness during the pandemic will also have provided temporary respite.

But looking at who has been left behind, some patterns stick out.

- The £20 uplift to Universal Credit has now been withdrawn, offering no additional support to those who are not able to work or are looking for work.
- Those on 'legacy' benefits (excluding Working Tax Credit) pre-dating Universal Credit received no increased support at all.

Families receiving these benefits have very high levels of poverty, with more than half of individuals in families in receipt of Universal Credit and its predecessor legacy benefits being in poverty, with 43% of households in receipt of Universal Credit being food insecure. This has meant the basic rate of out-of-work benefits is at its lowest for 30 years after adjusting for inflation, while earnings have risen by more than a quarter over the same period.

Benefits system increasing poverty for some

There are also some elements of the benefits system that increase poverty, including:

- the two-child limit in income-related benefits
- the benefit cap
- the five-week wait for the first Universal Credit payment
- unaffordable debt deductions from benefits
- Local Housing Allowance rates (frozen since April 2020) again breaking the link between housing costs and benefits.

There have been piecemeal (but relatively large) amounts of local welfare support funding for councils, but the suspicion is that this has not reached many hundreds of thousands of struggling families left behind in receipt of legacy benefits or out-of-work Universal Credit.

Concerns for the future

Another negative effect that is new from late 2021 is the rise in inflation, which is forecast by the OBR to be above 3% until April 2023. The increases in prices will not be uniform, with much of the initial increases being due to rising energy costs, but everyone will feel the effect of rising prices, including in housing costs with the prospect of rising interest rates directly feeding into mortgage costs and indirectly into rents. Social renters have the highest rate of poverty at 46% reflecting their comparatively lower incomes, while a third of private renters are in poverty.

Low-income households have less of a buffer against rising costs or any unexpected expenses, given they are less likely than other households to have savings, with just over a third of people in the poorest fifth of households having liquid savings of less than £250 compared with 1 in 6 of the overall population. People in the poorest fifth of households are more likely to say that they are finding their existing debt a burden, with around half of people in the poorest fifth of households describing their debt in this way compared with just under 1 in 3 overall.

In terms of how all this plays out for future poverty levels, it seems clear that out-of-work families will fare worse than low-income families in work. There is already a large existing gap in the latest data, with only 6% of working-age adults in families where all adults are in full-time work being in poverty compared with almost half of working-age adults in workless families. It is worth stating that many of the out-of-work families at risk of being left behind are not expected to work due to their disability or caring responsibilities, factors in themselves increasing the likelihood of poverty, with a gap of around 12 percentage points in poverty rates between disabled and non-disabled people¹.

Broadly speaking, there seems little prospect of reversing the trends since around 2012/13 of rising child poverty (which rose by four percentage points to almost a third of children by 2019/20) and rising pensioner poverty (which has risen by five percentage points to almost a fifth of pensioners by 2019/20). Larger families and single-parent families have particularly high poverty rates at almost half for both single-parent families and for families containing three or more children. We are likely to see individuals in Bangladeshi, Pakistani and Black families continuing to have higher poverty rates (over 40% for individuals in households headed by someone of each of these ethnicities) and worse outcomes across many areas. Most worryingly, our latest data showed a big rise in destitution with more than a million households (containing 2.4 million people, including 550,000 children) experiencing destitution in 2019, a rise of 35% since 2017, with modelling suggesting further increases during the pandemic.

While being in a working family (especially one where there is a full-time worker and all adults are in work) does reduce the risk of being in poverty, and this will be supported by recent changes to the benefits system, it is by no means a guarantee, especially if that work is part-time or in self-employment, in a low-paying sector or if there is a single earner in the household. Around a third of working-age adults in families where there is only part-time work are in poverty, as are almost a quarter of people working in the administrative and support service sector.

Another worrying element of the pandemic is how it is likely to have increased existing educational inequalities. We also know that the Covid-19 pandemic has widened the attainment gap between most and least disadvantaged pupils in the UK. This is due to a range of factors including the digital divide, home learning environments and potentially deepening poverty over the pandemic.

A final worrying prospect for the future is the evolution of the coronavirus pandemic itself. Our final update of analysis in this report was completed in mid-December, at the same time as a further coronavirus wave has started because of the Omicron strain, which could negatively affect much of the future prospects we describe. It is critical that the Government acts to mitigate impacts on those affected, ensuring there is no trade-off between health and economic wellbeing.

Nations divided

One final element of the pandemic response has been variations in responses between the countries of the United Kingdom, with a far greater visibility of leaders in Scotland, Wales and Northern Ireland.

The benefit systems in Scotland and Northern Ireland are increasingly different from each other and from the rest of the UK, with mitigations against some of the most poverty-increasing welfare reforms of the last decade and, for Scotland, a new Scottish Child Payment which will be doubled from April 2022 and will help make progress towards its Child Poverty Act target². While JRF modelling suggests more action is needed to reach that target, it is noteworthy that these are the two countries with the lowest poverty rates in the United Kingdom, at 18% for Northern Ireland and 19% for Scotland compared with 22% for England and 23% for Wales.

Within England, there are also huge variations: London has the highest poverty rate at 27%, with the tenure mix and high cost of housing a significant driver of poverty. The North East (25%), West Midlands (25%) and Yorkshire and the Humber (24%) have comparatively high poverty rates: poverty there is driven by higher rates of worklessness and the higher proportions of adults in lower-paid 'routine' occupations.

Typically metropolitan, urban and suburban areas have much higher poverty rates than local authorities classified as being rural or countryside areas. We will need to see whether the much talked about levelling up agenda goes beyond infrastructure to improving actual living standards in left-behind areas.

The format of this report

This is the first issue of our new-style UK Poverty report, which looks comprehensively at trends in poverty across all its characteristics and impacts. UK Poverty is made up of a set of short sections, each following the same structure, which starts with why the issue is important, going on to set out the latest data, examine past trends and then looking forward to future prospects. We would appreciate any feedback you have on this new format publication. Please email analysis@jrf.org.uk with any comments.

Trends in poverty

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Trends in poverty

Overall poverty rates for children, working-age adults and pensioners

Why is this important?

We know poverty has a wide range of negative consequences. It restricts the options and opportunities available to people and limits their access to things that are mostly taken for granted by society. Poverty at any stage of life can lead to later negative consequences.

It constrains a person's ability to afford to buy what they need and participate in the activities routinely undertaken by others in society. Low incomes also reduce financial resilience to unexpected expenses, such as car repairs or a faulty washing machine, and lead to households falling behind with bills for utilities, Council Tax or other essentials.

Money worries in turn contribute to low-income adults and their children being much more likely than wealthier adults and children to suffer from depression or anxiety. Poverty can also affect the prospects of children, who may fail to reach the same level of educational attainment as those from wealthier families. This in turn can make escape from poverty even harder when they become adults.

What's the headline story in the latest data

More than 1 in 5 of our population (22%) are in poverty in our country – 14.5 million people. Of these, 8.1 million are working-age adults, 4.3 million are children and 2.1 million are pensioners. Throughout this report, when we use the term poverty we are using the relative poverty rate, after housing costs, to measure poverty unless otherwise stated. See Annex 1 for more information on poverty definitions.

Child poverty continues to rise. The latest data tells us that almost 1 in 3 children in the UK are living in poverty (31%). Nearly half of children in lone-parent families live in poverty, compared with 1 in 4 of those in couple families.

Of the working-age adults, lone parents are by far the most likely of any family type to be struggling with poverty. When we look at pensioners, the poverty rate for single pensioners is double that of couple pensioners and almost 1 in 5 pensioners overall are living in poverty.

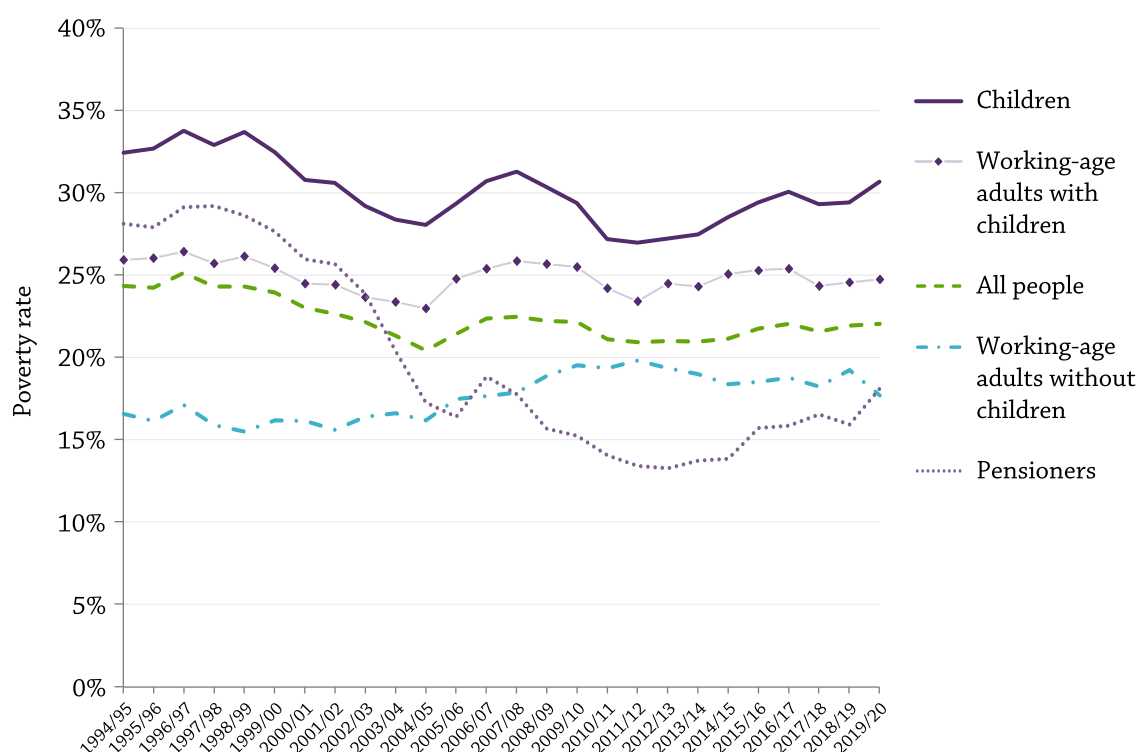
Group	Number in poverty	Poverty rate (%)
People in poverty	14,500,000	22
Children in poverty	4,300,000	31
Working-age adults in poverty	8,100,000	20
Pensioners in poverty	2,100,000	18
Single pensioners in poverty	1,200,000	26
Couple pensioners in poverty	900,000	13
Single working-age adults in poverty, no children	2,900,000	23
Working-age adults in a couple in poverty, no children	1,700,000	13
Working-age lone parents in poverty	800,000	45
Working-age parents in poverty in couple families	2,600,000	22
Children in poverty in lone-parent families	1,500,000	49
Children in poverty in couple families	2,800,000	25

How has this changed over time?

Children have had the highest poverty rates throughout the last 25 years. Twenty-five years ago, a third of children lived in poverty. This fell to 28% by 2004/05 and reached its lowest level of 27% in 2010/11 to 2013/14. Since then, child poverty has been rising, reaching 31% in 2019/20. Families with children are more likely to be receiving benefits than families without children, so this pattern reflects changes in employment levels, earnings and benefits.

After the pensioner poverty rate fell dramatically from around 28% and 29% in the mid to late 1990s to 13% in 2012/13 (driven by increasing income from private pensions and increases in benefits), it has edged up ever since and now stands at 18% in the latest data.

Overall UK poverty rates



Source: Households Below Average Income, 2019/20, DWP

What are the future prospects?

Past precedent has shown that we can reduce poverty among those who have historically been most at risk – pensioners and children. This was achieved through a combination of rising employment for working-age adults, benefits and tax credits and help with housing costs. However, this progress is unravelling; poverty rates were rising pre-pandemic, especially among children and pensioners, due to weakening support through benefits and tax credits, low pay for working-age families and rising housing costs with less help in meeting them.

The latest published data covers the final pre-pandemic year of 2019/20. Since then, there have been massive and, to some extent, temporary distortions to the key drivers. It will take some time for these to move through the published data (in addition to the pandemic affecting the ability to collect accurate data), meaning care will have to be taken in interpreting the next few official poverty statistics.

Summary of changes to drivers of poverty levels

Driver	Effect of increase	2020/21 – poverty data out in March 2022	2021/22 – poverty data out in March 2023	2022/23 – poverty data out in March 2024
Employment	Generally poverty reducing	Bad: Falling rates due to coronavirus but the furlough scheme will have significantly reduced the impact	Mixed: Small increases in employment but still below 2019/20, with a limited further reduction in employment expected from furlough ending	Good: Uncertain but OBR projections show rising employment throughout the year
Earnings	Ambiguous – can increase poverty if benefitting middle-income households more than low-income	Mixed: Broadly flat on average in real terms, protected by furlough scheme	Mixed: Broadly flat on average in real terms, protected by furlough scheme	Mixed: Increasing in cash terms with a high increase in the National Living Wage, but increases eaten away by high inflation and increases in National Insurance
Benefits	Generally poverty reducing	Good: Increased especially £20 uplift to Universal Credit and Working Tax Credits, and Local Housing Allowance (LHA) reset to actual rents	Mixed: Six months of increased Universal Credit, followed by improved Universal Credit rates for working families but cut for workless families, reset LHA frozen	Mixed: Improved Universal Credit rates for working families, Universal Credit cut for workless families means those rates are lowest for 30 years in real terms, mitigations in Northern Ireland and the introduction of new benefits in Scotland reduce further increases in poverty, reset LHA frozen

Driver	Effect of increase	2020/21 – poverty data out in March 2022	2021/22 – poverty data out in March 2023	2022/23 – poverty data out in March 2024
Housing costs	Generally poverty increasing	Mixed: Increasing rents but eviction freezes and falling mortgage costs because of falling interest rates and mortgage holidays	Bad: Ending or rolling back of temporary pandemic measures, support towards rent arrears introduced, rents continuing to increase	Bad: Rents continuing to increase and mortgages increasing due to likely higher interest rates
Inflation	Limited effect on relative poverty but will increase cost of living	Mixed: Overall rate flat, but key components of food, housing and utility costs rising	Bad: Large increases projected to over 4% by end of period	Bad: Projected to remain above 3% throughout year

The £20 increase to Universal Credit (UC) (in combination with the resetting of Local Housing Allowance to the 30th percentile of rents as measured in the 12 months ending September 2019) which was in place from April 2020 to October 2021 has undoubtedly been a lifeline for parents and children. But now this has ended, with an increase in in-work Universal Credit taking its place, resulting from changes in the taper rate and work allowance. At the same time, employment remains lower than its pre-pandemic level, overall earnings are flat and we know that the National Living Wage will increase by more than inflation in April 2022. We also know National Insurance is increasing and tax thresholds are frozen. Housing costs are continuing to rise and inflation is also set to increase.

How this all translates to overall poverty rates is uncertain, but what is clear is there is no immediate period where all drivers are pointing in the same direction, which is necessary for an unambiguous expectation of falling levels. There is a potential for 2022/23 to be similar economically to 2019/20, with high employment and a growing National Living Wage (as well as more generous in-work Universal Credit rates) acting to reduce poverty, but with these positive effects being mitigated by historically low out-of-work benefit rates and historically high housing costs, and a new effect of high inflation. This would in turn continue the worrying trends of rising child and pensioner poverty, as the positive effects from the labour market are felt less for these groups, and workless households falling further from the often distant poverty line.

How does this section interact with other sections?

Overall poverty levels are influenced by all subsequent sections. It is only by looking across all these that a true picture of the current and future situation can be ascertained.

Family composition, age and sex

Why is this important?

Larger families, that is those with three or more children, have always faced a disproportionate risk of poverty. The benefits cap, which limits the income a household can receive in out-of-work benefits, and the two-child limit, which restricts eligibility for child-related benefits for the first two children, disproportionately affects such families. Families with younger children also have higher poverty rates.

A sex perspective is often missing from debates about poverty. The debate is often based on analysis of household incomes, which includes an implicit assumption about how incomes are shared within a household. Looking at how sex affects poverty for women and men allows a more complete picture of the links between sex and poverty to be seen.

What's the headline story in the latest data?

The child poverty rate for children in families with three or more children is almost twice as high as the rate for children in one- or two-child families (47% compared with 24%). This means around 1 in 4 children in one- or two-children families are in poverty, compared with almost 1 in 2 children in families with three or more children.

One in 5 working-age males, working-age females and female pensioners are living in poverty (19%, 20%, 21% respectively). The proportion is slightly lower for male pensioners (16%). The age groups for adults that have the highest poverty rates are 16–24 (22%), 30–44 (21–22%), 60–64 (23%) and 85+ (22%). We know from the previous section that lone-parent families, which are predominantly headed by a female, have the highest poverty rate of any family type.

Poverty rates vary greatly depending on the age of children in the family. Having younger children affects their parents' ability to work, the hours they can work and their pay. 36% of children in poverty live in families with a youngest child aged under five, 28% in families with a child aged between five and ten, 26% in families where the youngest child is aged 11 to 15, and 25% in families where the youngest child is 16 to 18 years old.

Number of people in poverty and the poverty rates for different groups, UK, 2019/20

Group	Number in poverty	Poverty rate (%)
Children in poverty in one-child families	800,000	24
Children in poverty in two-child families	1,500,000	24
Children in poverty in three-child families	1,900,000	47
Working-age males in poverty	3,800,000	19
Working-age females in poverty	4,200,000	21
Pensioner males in poverty	900,000	16
Pensioner females in poverty	1,200,000	20
Children in poverty (by age)		
0 to 4	1,200,000	31
5 to 9	1,200,000	29
10 to 14	1,100,000	30
15 to 19*	700,000	22
Working-age adults in poverty (by age)		
16 to 24	1,200,000	22
25 to 29	800,000	17
30 to 34	900,000	21
35 to 39	1,000,000	22
40 to 44	900,000	22
45 to 49	800,000	18
50 to 54	800,000	17
55 to 59	800,000	19
60 to 64	900,000	23
Pensioners in poverty (by age)		
65 to 69	600,000	17
70 to 74	600,000	18
75 to 79	400,000	17
80 to 84	300,000	19
85+	300,000	22

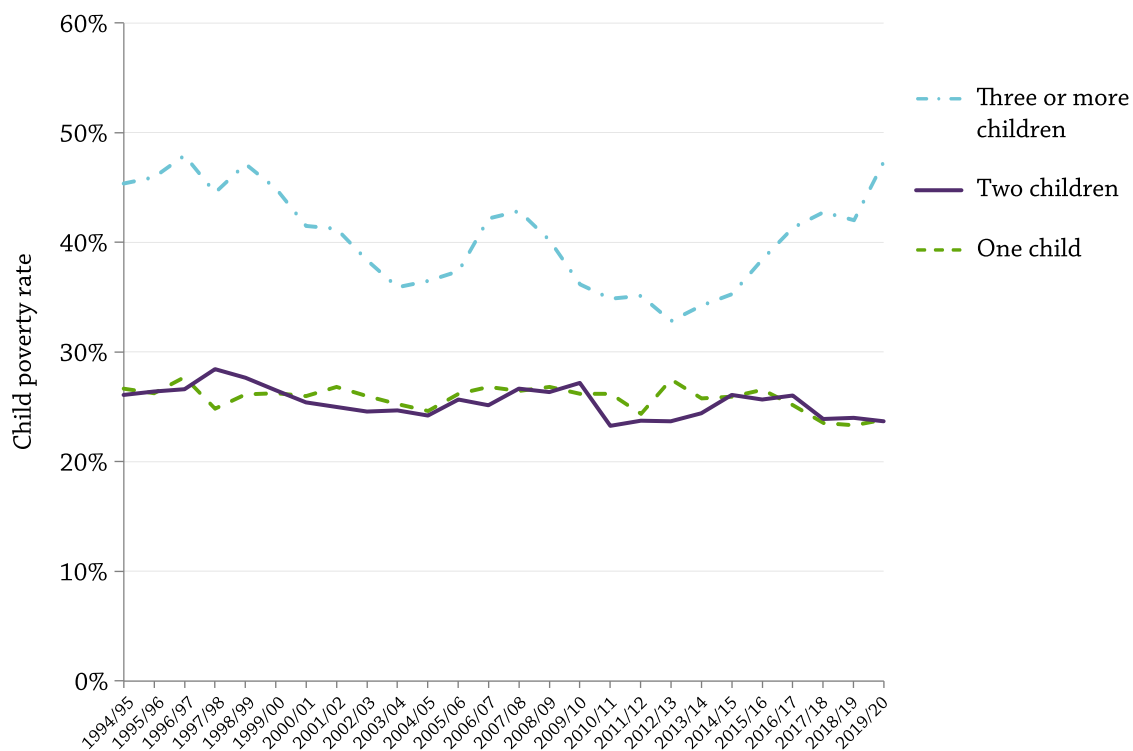
* Children in poverty aged 15–19 excludes children who are not in full-time education or training. These children are classified as working-age adults.

How has this changed over time?

The two most striking trends from these demographic breakdowns are for larger families and for pensioner poverty in relation to sex.

Since 2012/13, the proportion of children in large families who are in poverty has increased substantially from 33% in 2012/13 (1 in 3 children) to 47% only seven years later (almost 1 in 2 children in that group). The poverty rate for children in larger families with three or more children is now back to around where it was in 1996/7 (48%). Good progress had been made until 2012/13 in bringing that rate down, however it has clearly been unravelling in recent years.

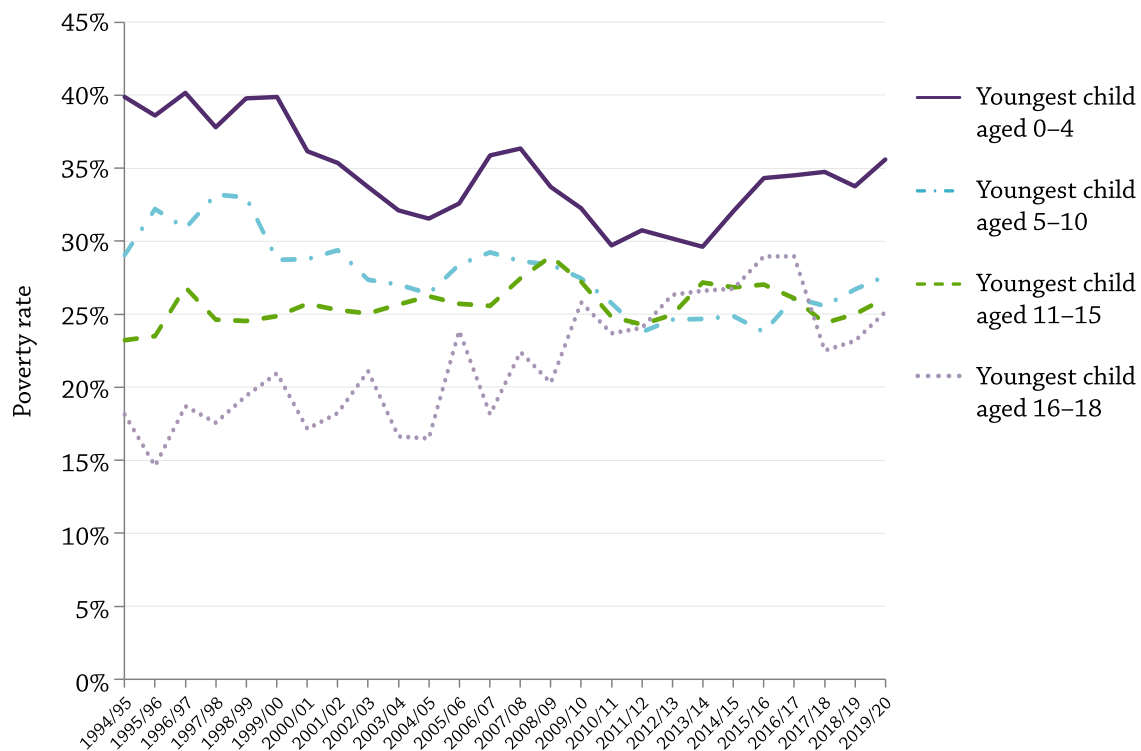
Child poverty rates by number of children in the family



Source: Households Below Average Income, 2019/20, DWP

Poverty rates for children in families where the youngest child is under five rose between 2013/14 and 2015/16 and since then have plateaued at around 35%. Children in families with older children are less likely to be in poverty. There has been a slight rise in poverty rates for children in families where the youngest child is aged 5 to 18 since 2017/18, and for those in families where the youngest child is aged 0 to 4 since 2018/19.

Child poverty rates by age of youngest child in the family



Source: Households Below Average Income, 2019/20, DWP

We know that pensioner poverty rates are rising. The data suggests that poverty among older women is rising slightly faster than poverty among older men. Since 2013/14 when pensioner poverty started rising again, the rise has been from 12% to 16% for men and from 14% to 20% for women. Older women have higher poverty rates as they generally live longer than men, and more often have a less complete National Insurance contribution history and gaps in their employment history.

Pensioner poverty rates by sex



Source: Households Below Average Income, 2019/20, DWP

What are the future prospects?

It seems likely that the poverty rates for larger families will continue to increase. Such families have a higher proportion of their incomes made up by benefits (despite increasing employment rates for such families in recent years), so are disproportionately affected by general changes in the benefits system, such as the past benefits freeze or the recent cut in Universal Credit for workless families. Such families are also disproportionately affected by the benefits cap.

Beyond this though, looking at the latest data we do not see the full effect of the two-child limit policy which explicitly targets these families. This has withdrawn means-tested support from third and subsequent children born since April 2017. In the latest data, over half of families containing three or more children have their youngest child born before this date so are unaffected. As time goes on, more and more families will be affected.

How does this section interact with other sections?

The main interactions of these factors are with the labour market: poorer parents of three or more children or of younger children may find it harder to both work full-time given childcare availability and affordability.

Depth and duration of poverty

Why is this important?

There is evidence that negative consequences are worse for families the longer they spend, and the deeper they are, in poverty. There is strong evidence for a range of harms from the most severe form of poverty, destitution, and it is likely that longer spells of poverty have greater impacts than short-term temporary spells.

We can see that people in deep poverty as defined below are more likely to be in food insecurity (see Food Insecurity on page 77 for how this is measured) with 22% of people in deep poverty being food insecure compared with 17% of people in non-deep poverty and 4% of people not in poverty. Around 40% of children in families in deep poverty are in a material deprived family, ie one that lacks a range of goods and services because they cannot afford them, compared with just over 30% of children in non-deep poverty and 10% of children not in poverty.

What's the headline story in the latest data?

The most commonly used poverty line is set at 60% of the median equivalised net household income, and we can look at poverty depth by using thresholds set at lower percentages of median income. Poverty duration is measured by how long someone spends in poverty, with the **Income Dynamics** publication using a definition of being in poverty for three of the last four years.

Between two-thirds and three-quarters of poor non-pensioners are in deep poverty (being in households with equivalised incomes below 50% of the median). The depth of poverty for pensioners is slightly less with just over half of pensioners in poverty being below the 50% of median poverty line. This is likely to be because at least 97% of pensioner families receive income from the state pension, which will prevent extremely low incomes. Around 6 in 10 working-age adults in families without children in poverty are in very deep poverty (here defined as having an equivalised household income below 40% of the median), while around 4 in 10 children and parents in poverty are in very deep poverty, and 3 in 10 pensioners in poverty are in very deep poverty.

Looking at even deeper forms of poverty, more than a million UK households experienced destitution at some point in 2019. These households contained 2.4 million people, including 550,000 children. UK nationals account for almost three-quarters (72%) of the population identified as living in destitution, but people who have migrated to the UK are over-represented among those experiencing destitution. The majority of people living in destitution (81%) do not report complex needs (defined as experiencing two or more of homelessness, drug and alcohol problems, offending, domestic violence and begging). However, the rate of complex need is higher among people experiencing destitution compared with the general population.

Persistent poverty rates in 2016–2019

Group	Poverty rate (%)
People in persistent poverty	13
Children in persistent poverty	19
Working-age adults in persistent poverty	11
Pensioners in persistent poverty	11
Single male pensioners in persistent poverty	16
Single female pensioners in persistent poverty	17
Couple pensioners in persistent poverty	7
Single working-age males in persistent poverty with no children	13
Single working-age females in persistent poverty with no children	14
Working-age adults in a couple in persistent poverty with no children	5
Working-age lone parents in persistent poverty	31
Working-age parents in persistent poverty in couple families	11
Children in persistent poverty in lone-parent families	35
Children in persistent poverty in couple families	15

Source: Understanding Society 2016–2019

In terms of the duration of poverty, groups with high poverty levels tend also to have high persistence of poverty. Around 1 in 5 children are in persistent poverty (here defined as being in poverty for at least three of the last four years), compared with just over 1 in 10 working-age adults or pensioners. Rates of persistence are given for other groups above.

How has this changed over time?

The main change in poverty depth over time has been an increase in the proportion of children in very deep poverty with 36% of poor children in very deep poverty in 2011/12, rising to 41% in the latest data. Other changes have been more muted.

Across the UK, our best estimate is that the number of households experiencing destitution, the most severe form of poverty, at any point during the year has increased by 35% between 2017 and 2019. We also saw a large rise in food bank use over this period (see Food Insecurity on page 77).

Levels of persistent poverty have hardly changed since 2014, with 1 in 5 children being in persistent poverty and just over 1 in 10 working-age adults or pensioners being in persistent poverty over the whole period. There is a limited amount of evidence that persistent poverty for children has risen slightly over the period, perhaps reflecting the rise in single-year poverty.

What are the future prospects?

The removal of the £20 increase to Universal Credit and Working Tax Credit will deepen the poverty of out-of-work households in receipt of these, as they will not benefit from the changes to the taper rate and work allowance. Given the movement in the drivers mentioned above, which we expect will increase child and pensioner poverty from 2022/23, we would expect these groups' poverty to deepen as well.

Similarly modelling from Heriot Watt for The Trussell Trust (2020) suggests that the effect of the pandemic will be to further increase levels of destitution.

Future prospects for persistent poverty are likely to be more muted. Any temporary effects from both the economic challenges and policy responses will take time to feed through to these statistics or indeed will not affect them at all if these are temporary. A buoyant labour market could reduce persistent poverty if jobs are well paid and secure, but the reductions in out-of-work welfare support and increases in housing costs will also ultimately have a countervailing effect on persistent poverty levels.

How does this section interact with other sections?

The poverty figures presented through this report simply count how many people are below the poverty line, some of whom may be very far below the poverty line or have been in poverty for a long time, while others may be just below the line or have only just moved into poverty. This is why also looking at poverty depth and duration is important.

Geography and poverty

Why is this important?

The UK Government's 'levelling-up' agenda is an acknowledgement of how important regional and local differences, including in access to and quality of jobs, education and infrastructure, in house and rental prices and in the cost of living, underpin broader income and wealth inequalities across the country, as well as variances in poverty levels. As described in the employment, social security and housing sections, the rates of employment, level of wages, adequacy of social security and housing costs are all important drivers of the varying rates of poverty across the UK.

While ultimately Westminster maintains control over many policy and fiscal decisions, the devolution of powers to governments in Edinburgh, Cardiff and Belfast, to mayoralities in London and across England, and to local authorities, presents politicians and political leaders at national and local levels with policy levers with which they can seek to address poverty.

It is important to understand the way in which drivers of poverty interact to produce the varying rates of poverty at national, regional and local levels, and to monitor the rates of poverty over time to ascertain the progress of governments and political leaders in eradicating poverty across the UK.

What's the headline story in the latest data?

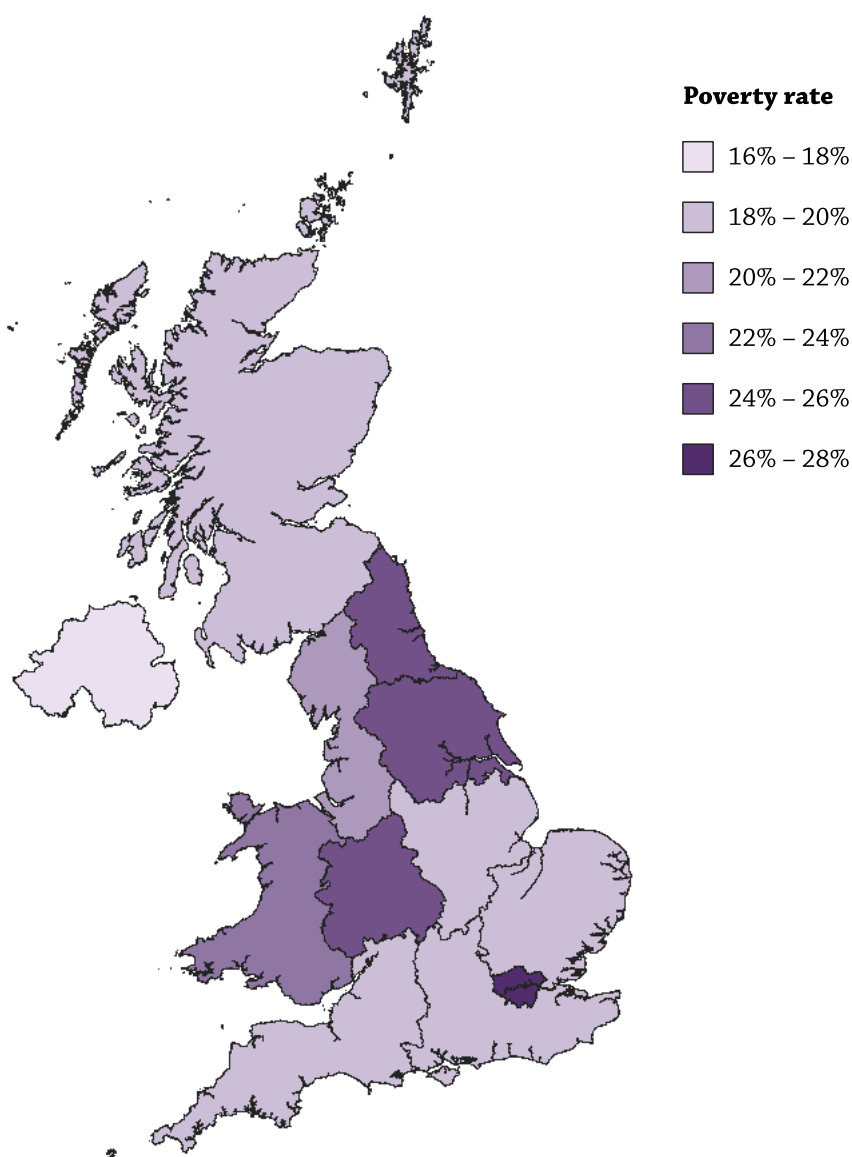
This section sets out the poverty rates and key drivers of poverty across the nations and regions in the UK. Unless otherwise stated, all figures are three-year averages.

Scotland has a slightly lower rate of poverty (19%) than England (22%) and Wales (23%) and around the same rate as Northern Ireland (18%). Housing costs are a key factor in the lower rate of poverty; renters in Scotland disproportionately live in the lower-cost social rented sector (59% of renters are in social rented, compared with 45% of renters in the rest of the UK). Social renters in Scotland also have lower rents, with low-income renters spending on average (median) £83 a week on housing costs compared with an average of £102 in England and £101 in Wales.

Wales has the highest poverty rate among the four nations, with almost 1 in 4 (23%) people in poverty. This is driven by the relatively high proportions of working-age adults out of work (25%), working typically lower-paid 'routine' jobs (32% of in-work adults) or in receipt of Universal Credit or equivalent (legacy) benefits (20%).

Northern Ireland has the lowest poverty rate (18%) of the four nations, despite having rates of worklessness, low-paid employment and uptake of Universal Credit or equivalent (legacy) benefits comparable to Wales, the North of England and the West Midlands which have much higher poverty rates. The trend of lower poverty rates in Northern Ireland is predominantly explained by the lower cost of housing, with the proportion of people living in rented accommodation the lowest of the four nations, and with the average weekly housing costs paid by low-income social and private renting households the lowest of anywhere in the UK at on average (median) £76 and £98 respectively, compared with on average £100 and £131 respectively for the rest of the UK. Even for those buying with a mortgage, weekly housing costs (the definition for which excludes mortgage principal) are substantially lower in NI than on average across the UK, reflecting the substantially lower house prices which require less borrowing and, consequently, lower levels of mortgage interest.

Poverty rate by region, 2017–20



Source: JRF analysis of Households Below Average Income 2017–20, DWP

Three year before and after housing costs poverty rates for 2017–20

	Poverty rate		
	Before housing costs (%)	After housing costs (%)	Percentage point difference (%)
North East	21	25	4
North West	19	22	3
Yorkshire and The Humber	21	24	3
East Midlands	17	20	3
West Midlands	21	25	3
East	14	19	4
London	16	27	11
South East	13	19	5
South West	14	19	5
England	17	22	5
Scotland	17	19	2
Wales	20	23	3
Northern Ireland	17	18	1

The poverty rate in **England** for 2017–20 was 22%. The following section breaks down analysis of the poverty rate by region in England.

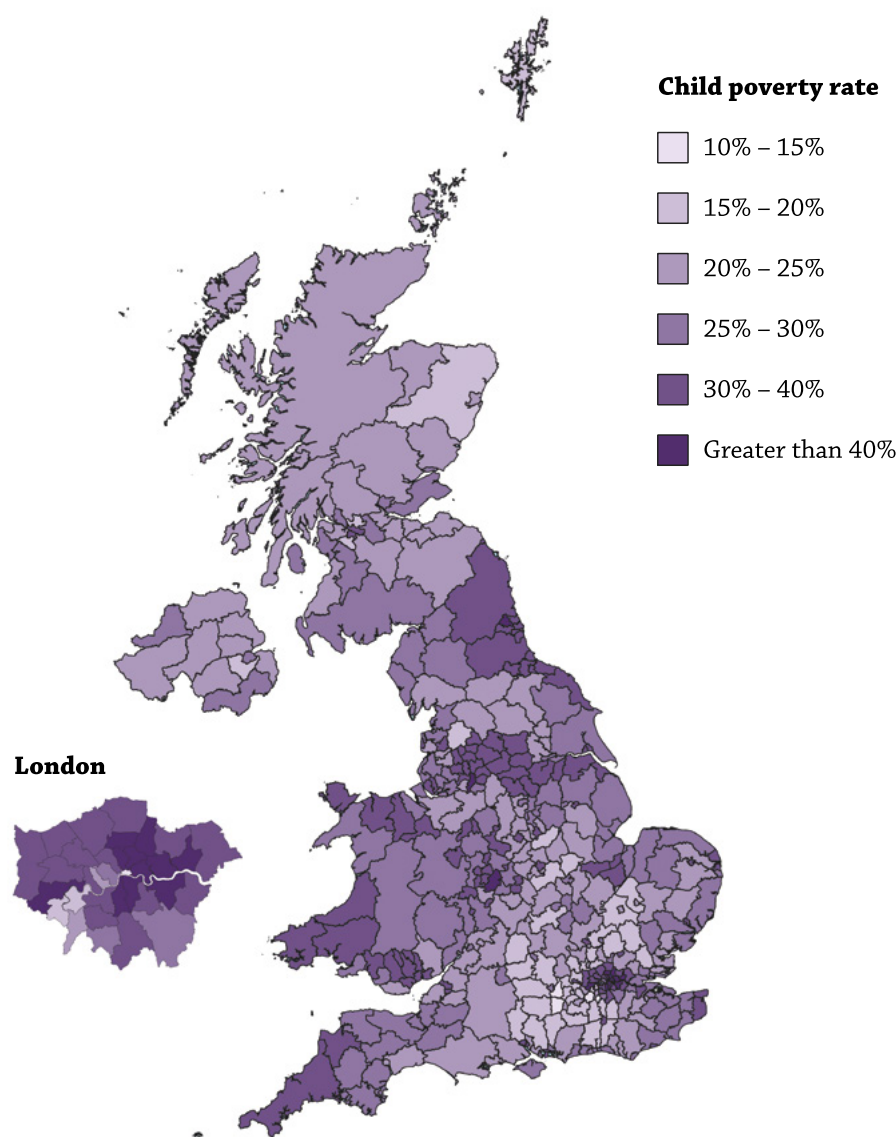
London has the highest rate of poverty, with over 1 in 4 (27%) people in poverty. A predominant driver of this is tenure mix and the high cost of housing; over half of Londoners live in rented accommodation, of whom 4 in 10 are in poverty, with half of these in poverty only after housing costs. London also has a much larger Black, Asian and minority ethnic population than other regions with over a third (34%) of households in London headed by someone from these ethnic groups, compared with fewer than 1 in 10 (7%) outside London. The poverty rate is much higher for households headed by someone of Black, Asian or minority ethnic group ethnicity (38%) than for white households (19%), driven in part by the high proportions who live and rent in areas of high housing costs (including London), by family types and compositions (disproportionately younger and with children, much less likely to be pension age), and by the employment rates, levels of wages and employment dynamic of households (less likely to be in work, more likely to have lower wages, multi-adult working-age households being less likely to have all adults in work). See Ethnicity and Poverty on page 52 for further details.

Regions in the south of England (**South West, South East** and **East of England**), have among the lowest poverty rates at 19%, or 1 in 5 people. These regions have above average proportions of working-age adults in work, with those in work more likely to be in higher-paid managerial and professional jobs. The rates of poverty among renters are also slightly lower than in other regions, as many are on higher incomes, but a greater proportion of the renters who are in poverty are in poverty only after housing costs (between 46-50%) driven by the higher costs of renting in these regions. The table above, which sets out the poverty rates before and after housing costs, reflects how the higher costs of housing in London and the south are disproportionately drivers of poverty in these regions. The **North West** (22%) and **East Midlands** (20%) have poverty rates close to the national average.

Poverty rates are high in the **North East** (25%), **West Midlands** (25%) and **Yorkshire and Humberside** (24%). In these areas the high poverty rates are driven by comparatively lower earnings, with a higher proportion (33%) of in-work adults in lower-paid 'routine' occupations compared with the rest of the UK (27%) and a higher proportion of working-age adults not in work (27%, compared with 23% for the rest of the UK on average). Reflecting the role of Universal Credit and equivalent legacy benefits in topping-up low incomes and providing support for those out of work, these regions also have an above average proportion of people in working-age families in receipt of these benefits (22% compared with 16% across the rest of UK).

We cannot break the overall poverty statistics down below the regional level, but research carried out by Loughborough University and published by EndChildPoverty.org provides further insight into the geography of poverty by estimating the proportion of children who are in poverty after housing costs by local authority (End Child Poverty, 2020). The analysis reports a huge variation in child poverty rate estimates between local authorities, ranging from over half of children (56%) in Tower Hamlets in London to just over 1 in 10 (12%) in Elmbridge in the South East.

Child poverty rate estimates by local authority, 2019–20



Source: After housing costs child poverty rate estimates from Loughborough University, 2019–20.

Note: map and data use 2019 local authority boundaries

The mapping of child poverty highlights the substantial variation within regions, with metropolitan, urban and suburban areas typically having higher rates of poverty than local authorities categorised as being rural or countryside. In the North West, for example, the child poverty rates in Manchester (42%), Oldham (38%) and Bolton (37%) were particularly high, compared with South Lakeland (24%), Cheshire East (22%) and Ribble Valley (19%). In the South West, child poverty rates were higher in Bristol (33%) and Plymouth (30%), compared with Wiltshire (20%) and the Cotswolds (20%). London, which has among the highest child poverty rates, had the most substantial sub-regional disparities in those rates between local authorities; Tower Hamlets (56%), Newham (50%) and Barking and Dagenham (48%) had much higher poverty rates than Kensington and Chelsea (24%) and Richmond upon Thames (17%).

How have poverty rates by region changed over time?

The fall in overall rates of poverty over the last 20 years is reflected across most regions, with some of the regions that had the highest rates of poverty in 1997–2000 (**North East:** 30%, **North West:** 27%, **Wales:** 26% and **Yorkshire and Humberside:** 27%) seeing the largest percentage point falls in poverty rates (by three to five percentage points). These falls are driven predominantly by falling levels of pensioner poverty (although the pensioner poverty rate has been increasing over recent years), alongside increasing proportions of working-age adults in work (although the rate of in-work poverty itself has increased). The net effect of the largest decreases in poverty rates in the regions which had the highest poverty rates is the slight narrowing of the regional inequality in poverty rates. In 1997–2000 the difference between the highest and lowest poverty rate was 11 percentage points, while in 2017–20 the difference was 9 percentage points. However, there remains a substantial regional disparity.

The **West Midlands** was the only region to see the rate of poverty increase over the 20-year period, increasing by 2 percentage points to 25%; the fall in the poverty rate for pensioners is contrasted by increases in child and working-age adult poverty in this region, in part driven by an increased proportion of working-age adults not working (2 percentage points increase). The **South East**, which saw the rate of poverty consistent at 19% at both points in time, was the only other region to see an increased proportion of working-age adults not working (by 1 percentage point).

The substantial decrease in poverty in the **South West**, by 5 percentage points, as the region with the highest proportion of adults at pension age (27%, compared with 23% on average), is in part driven by the fall in pensioner poverty, which fell from 28% to 15% in the region. As was the case with other regions seeing large decreases in poverty rates, the proportion of working-age adults in the **South West** who were not working fell by 3 percentage points.

In **London**, the poverty rate in 1997–2000 was high at 29%, and, as described above, currently has the highest rate of poverty at 27%, despite the proportion of working-age adults who are not working falling by 6 percentage points over the period, which in other regions drove falling rates of poverty. The predominance of the private rented sector and associated disproportionately high housing costs has inhibited poverty rates from falling further.

The table below shows that most of the regional changes discussed above occurred between 1997–2000 and 2007–10, with muted changes since then.

Three-year poverty rates by region for 1997–2000, 2007–10 and 2017–20

Country or region	1997–2000 (%)	2007–2010 (%)	2017–2020 (%)	Percentage point change between 1997–2000 and 2017–2020
North East	30	24	25	-5
North West	27	23	22	-5
Yorkshire and The Humber	27	23	24	-3
East Midlands	22	22	20	-2
West Midlands	23	25	25	+2
East	20	20	19	-1
London	29	28	27	-2
South East	19	18	19	No change
South West	24	20	19	-5
England	24	23	22	-2
Wales	26	23	23	-3
Scotland	23	19	19	-4
Northern Ireland	–	21	18	-2
All	24*	22	22	-2

* 'All' figures for 1997–2000 excludes Northern Ireland

What are the future prospects?

House prices increased substantially in all regions and rents have increased in most places during the pandemic. The result will be higher housing costs for renters, and larger deposit requirements with greater levels of borrowing for those seeking to get onto the housing ladder (although the very low interest rates will have helped mortgage holders).

JRF analysis has identified how Covid-19 has had varying impacts on labour markets in local areas. Some areas, including some London boroughs (Barking and Dagenham, Brent, Ealing for example), seaside towns (Blackpool, Eastbourne, Great Yarmouth for example) and airport towns (Crawley, Slough) have seen disproportionately high numbers of people furloughed or claiming unemployment benefits.

In the future there will be an acute focus on the regional picture of poverty as the UK Government has put 'levelling up' front and centre of its agenda for the country, even renaming a ministry to the Department for Levelling Up, Housing and Communities. While the levelling up agenda is ostensibly about enabling areas in the North and Midlands, particularly areas outside of large cities and productivity hubs, to achieve the productivity and prosperity that is seen as characteristic of London and the south, it is important to acknowledge that the highest poverty rates are found in London, large cities and urban hubs, as the local authority map on child poverty rates above demonstrates. A key measure of success of this levelling up agenda must be whether the UK Government can reduce levels of poverty across England, and in particular in those areas with the highest rates of poverty including in London, the North East, Yorkshire and Humberside and the West Midlands.

How does this section interact with other sections?

This report on geography and poverty focuses on national and regional variations, however there will clearly also be important sub-regional and local variances in rates of poverty, as described in the child poverty figures, as well as on the impacts and experiences of being in poverty. Local economies, including jobs and housing markets, interact to influence employment rates and rates of pay, and the availability and affordability of housing.

Smaller towns, villages and rural areas often have poorer infrastructure with sparser access to services, while employment opportunities can be more limited often due to weaker job markets with greater distances required to travel to get to work, exacerbated by more limited transport infrastructure and less regular and more costly public transport. Conversely, for those in cities or larger towns, there is greater competition for employment opportunities, while demand for housing keeps housing costs high, often eating up a disproportionately high amount of household income. Homes also tend to be smaller, sometimes with poor quality communal spaces and often more limited access to green space.

Work and poverty

Why is this important?

Work should protect you against poverty. It is not unreasonable to believe that an individual working a job that pays the National Living Wage, on the number of hours expected under the benefits system, should not be in poverty. The UK Government has frequently spoken of work being the best way out of financial hardship. Indeed, part of the rationale behind Universal Credit was that it would prepare people for, and incentivise them to be in, employment.

All the above suggest there is a consensus across society that work should be a way of avoiding poverty. As the UK has had a recent history of record employment rates and an increasing National Living Wage, it is important to evaluate if these record highs correspond with work delivering protection from poverty.

What's the headline story in the latest data?

Around two-thirds (68%) of working-age adults in poverty live in a household where at least one adult is in work. At an individual level, poverty rates vary by whether someone is working full- or part-time and whether they are self-employed. Part-time worker poverty rates are more than double the poverty rates of full-time workers (23% compared with 10%) and self-employed workers are twice as likely to be in poverty than employees (23% compared with 11%).

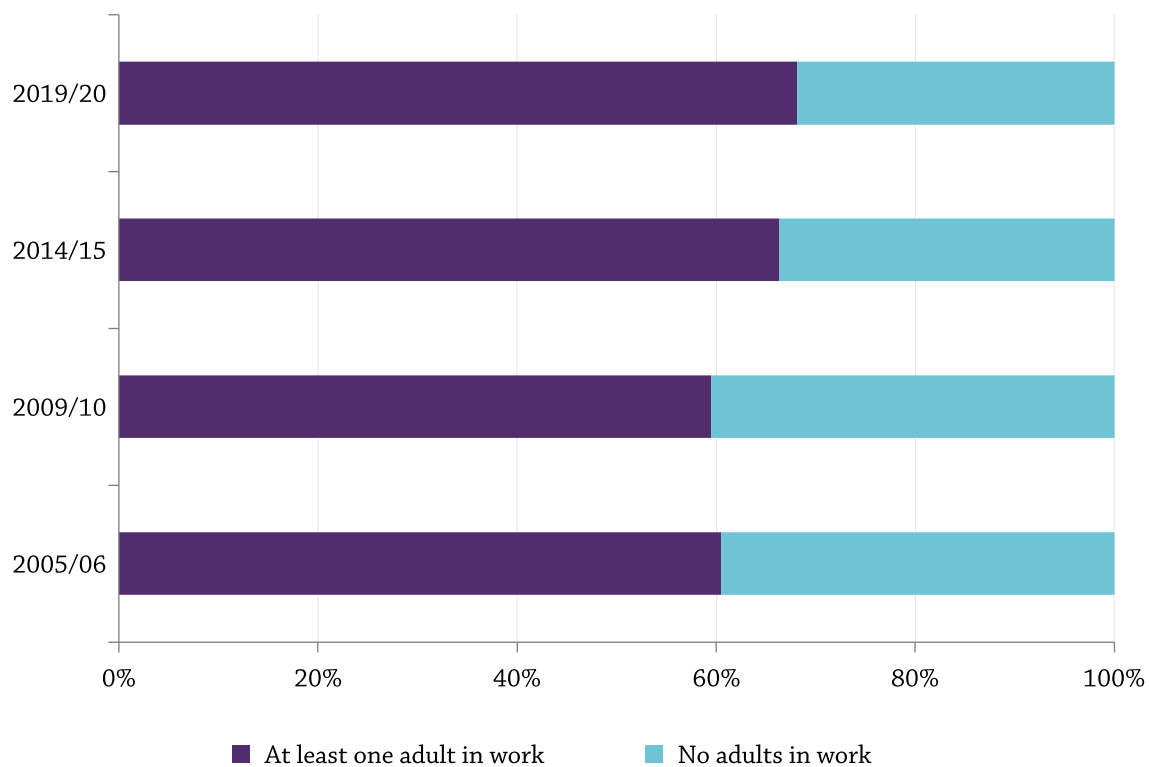
Geography is another demographic where the poverty rate for working-age adults living in a working household differs. Currently, Northern Ireland has the lowest rate at 1 in 8. This is much lower than the rates in the North-East, the West Midlands, and Yorkshire and the Humber (all with a rate of 1 in 6) and the worst hit, London (1 in 5).

At a more granular level of the workforce, there are differences in poverty rates by sector. Accommodation and food services has the highest rate of poverty (24%). Administration and support activities follows closely behind at 23%.

How has this changed over time?

At 68% the proportion of working-age adults in poverty who are in a working household has never been higher (Households below average income (HBAI) records began in 1996/97). In 1996/97, this number was lower than 50%. A more long-term trend over 15 years has been the slow creep upward of the rate of workers in poverty. In 2005/06, 11% of workers were in poverty. This number now stands at 13%. This might seem like a small increase, but because the majority of working-age adults are in work (and that proportion has grown over time) this has a large effect on the composition of poverty by work status. This suggests that work is becoming less effective at warding off poverty.

The percentage of working-age adults in poverty in work is at its highest since records began

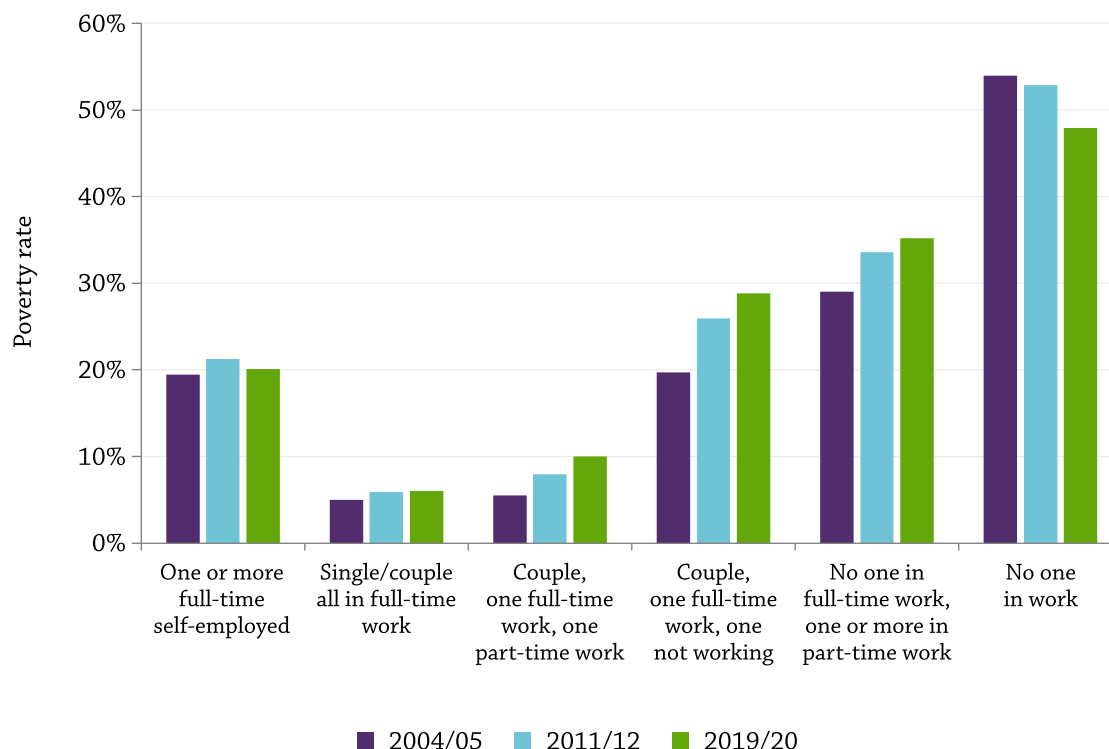


Source: Households Below Average Income, 2019/20, DWP

Over the last 15 years, the poverty rate for full-time and self-employed workers has remained relatively unchanged. For part-time workers though, there has been an upward trend in the poverty rate. In 2005/06, 17% of part-time workers were in poverty, compared with 22% in 2019/20.

We also see the impact of hours worked by individuals within a family when analysing poverty rates by their work status. It is becoming more and more evident that in many households, all individuals in them must be working full-time hours to avoid falling into poverty.

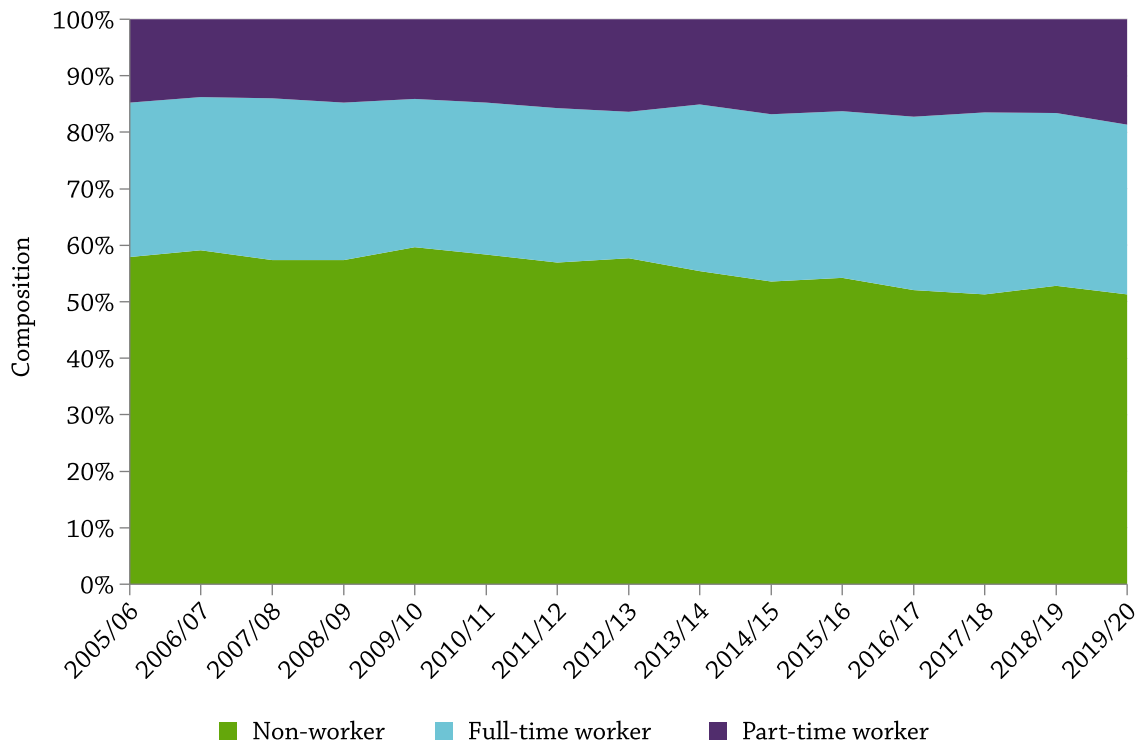
Working-age individuals in families with one or more person not working full-time are becoming more likely to be in poverty.



Source: Households Below Average Income, 2019/20, DWP

This shows that part-time work and insufficient hours is one of the drivers behind the increase in in-work poverty. This is concerning, as insufficient hours is a characteristic of insecure work, and a recent estimate of the propensity of this in the UK labour force is just over 1 in 10 workers (McDonald and Sandor, 2020). Alongside the potential impact of insufficient hours on the poverty rate for insecure workers, these people were at a greater risk of becoming, and staying workless after being furloughed (Wenham and Sandor, 2021). If this remains the case, then insecure work and its impacts risk becoming a greater challenge to the UK than it already currently is.

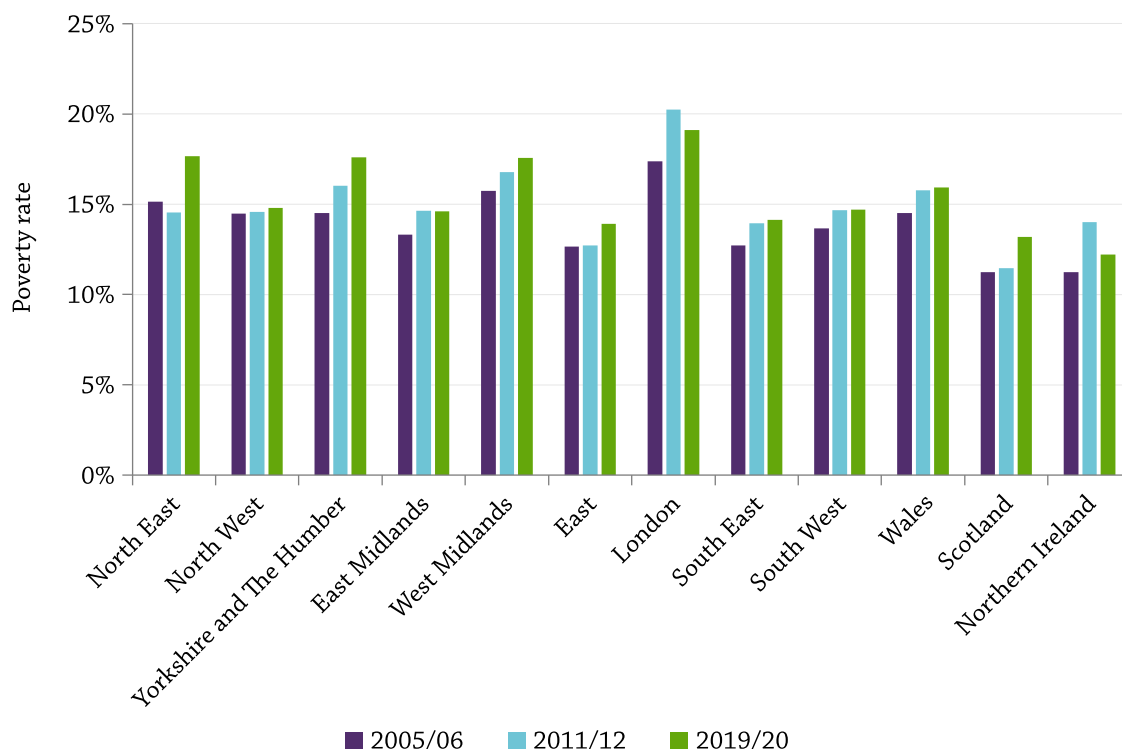
The last 15 years have seen a smaller proportion of non-workers, and a greater proportion of full- and part-time workers in working-age poverty. Part-time workers have seen the greatest increase in their share of working-age poverty



Source: Households Below Average Income, 2019/20, DWP

This increase is seen across the United Kingdom. Over the last 15 years, all areas and nations of the UK have seen increases in this type of poverty. The two areas hardest hit are the North-East, and Yorkshire and the Humber. These areas have both seen increases of 3% since 2005/06.

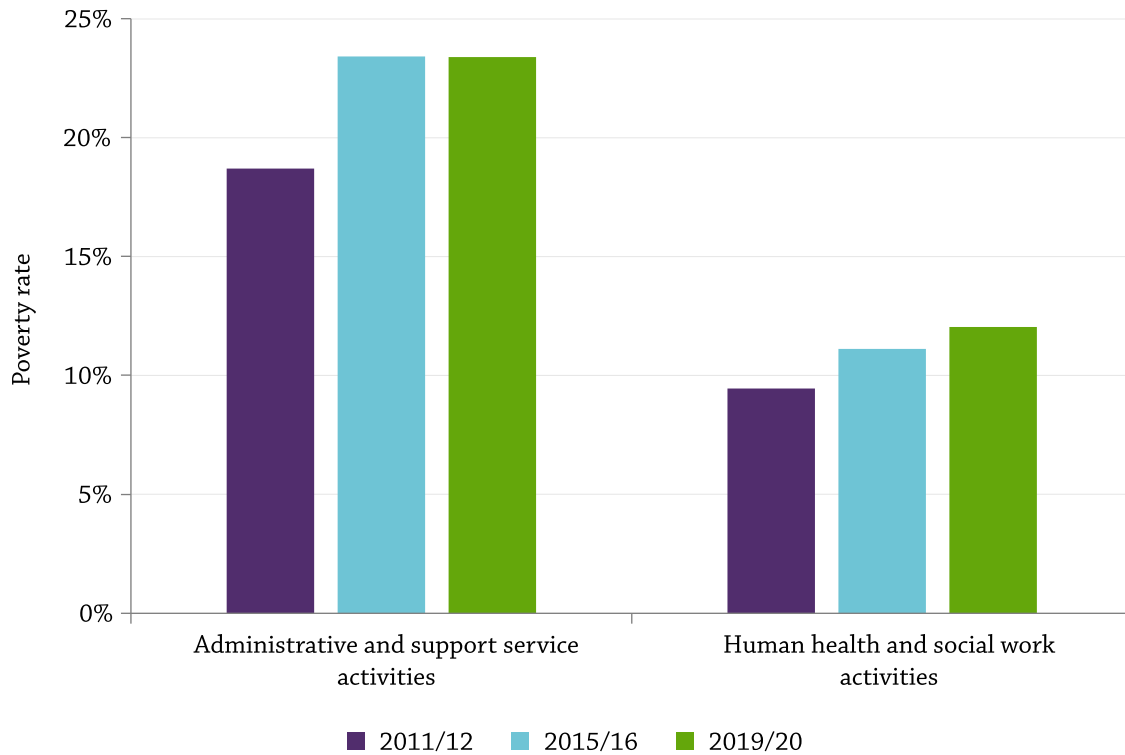
Over the last 15 years, all regions have seen increases in the poverty rates of working-age adults in households where someone works



Source: Households Below Average Income, 2019/20, DWP

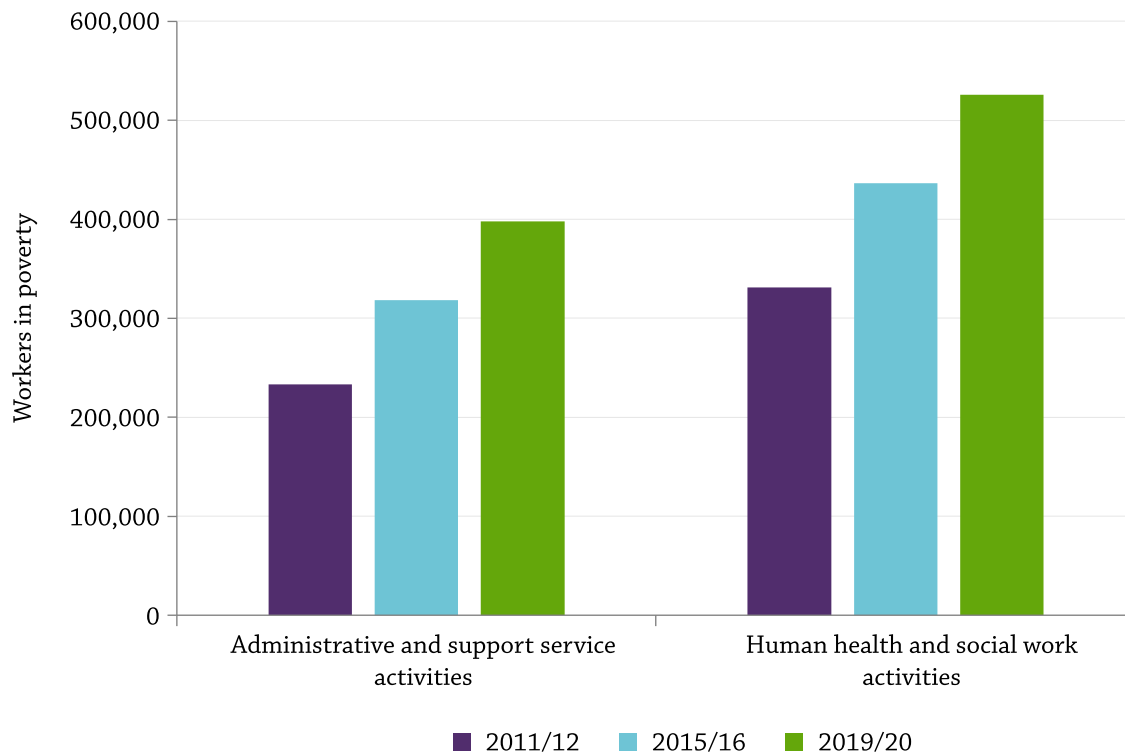
Over recent years, most industries have not seen dramatic changes in their poverty rates and numbers. The two exceptions to this are administration and support services, and human health and social work activities. Since 2011/12 the poverty rate for administration and support services has gone up by 4 percentage points from 19% to 23%. This equates to an additional 160,000 workers. This increase means it now has the second highest poverty rate of all industries. In this same period, the poverty rate for workers in human health and social work activities has gone up by a smaller 3 percentage points, but a larger 190,000 workers. This is the largest increase in number of all industries.

The largest increases in poverty over the last 10 years are seen in the administration and human health sectors



Source: Households Below Average Income, 2019/20, DWP

The numbers of workers in poverty in administration and human health are increasing



Source: Households Below Average Income, 2019/20, DWP

What are the future prospects?

The workforce was severely hit by the economic consequences of the Covid-19 lockdown. Around 11.6 million jobs were furloughed with a reduction in their earnings. At the peak of the impact of Covid on workers, there were 929,000 fewer payrolled employees than before lockdown began. The fact this coincided with some increased benefit rates for those in and out of work may temporarily increase the proportion of those in poverty who are in work.

Beyond that, we will see a different picture. Gone unchecked, the Covid crisis' impact on the labour market could have been disastrous, especially for some sectors and their workers. However, we are starting to see the results of the UK Government's furlough scheme. Before these results were known, there was concern that when the Coronavirus Job Retention Scheme (CJRS) was wound down, certain workers that had been furloughed, like those in sectors including leisure and hospitality, younger workers, and those on insecure contracts, would face unemployment. Instead, the most recent Labour Force Survey estimates show an increasing employment rate (driven by a record high net flow from unemployment to employment). If this recovery continues, the UK may avoid an additional Covid factor being added to the interaction that the labour market has with poverty. Tempering this slightly, however, is the other driver of the increase in employment, which is more part-time work and zero-hour contracts. Following on from the above about part-time and insecure employment's impact on poverty, there is some room for concern about what shape the labour force's recovery will take.

The latest Labour Force Survey estimates also show a decreasing unemployment rate. If this decrease continues it is what happens to low earners and insecure and part-time workers that is critical for future in-work poverty levels.

Between 2012/13 and 2016/17 when, like now, these workers benefited from an increased minimum wage at the same time as the UK experienced decreasing unemployment, the poverty rate for workers increased by 1.2 percentage points to 13% and the number of workers in poverty grew by more than 500,000 to almost four million. In that case, the April 2016 minimum wage increase for people aged 25 and over did not reduce worker poverty in 2016/17 because it came at the same time as cuts to benefits that were larger. This time we have an increase in the National Living Wage combined with an increase in the level of in-work Universal Credit support compared with the system pre-pandemic. Acting together, we would expect these measures to reduce in-work poverty.

How does this section interact with other sections?

Work is one of the three major issues that drive poverty in the UK, alongside housing costs and the performance of the social security system. An increasing minimum wage, driving up wages, and workers working the number of hours expected of them can only protect people against poverty so far if housing costs are too high and the UK's social security system fails to be the lifeline that it should be. The negative effects on poverty from the UK's social security system and housing costs will moderate any positive impacts of higher pay and more hours.

There can also be barriers to access to work that guards against poverty because of the cost and availability of childcare, and the need to provide care for any disabled adults or children. There are also regional inequalities in the availability of work and the transport networks that affect getting to and from work in a timely or affordable way.

Benefit receipt and poverty

Why is this important?

A poverty-fighting social security system is a necessary part of any solution to poverty and destitution. One way the social security system helps tackle poverty is to replace or supplement the incomes of people who cannot earn enough money through work to meet their core living costs. This could be because of unemployment or underemployment; low pay or low-quality work; unexpected life events leading to shocks in income or costs (like relationship breakdown or sudden illness); being unable to work full-time perhaps because of disability or responsibilities; and unaffordable core living costs like housing or Council Tax.

Another way the social security system helps tackle poverty is in supporting people who have higher core living costs than others. For example, living with a disability often adds to the cost of living. Similarly, having children is more expensive than not having children. Finally, during their adult lives, people have known periods of either low earnings, high costs or both, for instance around the birth of a child, looking after young children and after retirement.

What's the headline story in the latest data?

Certain family types are much more likely to be in receipt of benefits. Almost all pensioners receive the state pension, while the vast majority of families with children receive child benefit. Low-income working-age families with children tend to have greater eligibility to income-related benefits than equivalent families without children.

There are high rates of poverty for people in receipt of benefits. To an extent this is to be expected: many of these benefits are income-related, so are explicitly only available to low-income families. The position in the latest data for 2019/20 is set out in the table below.

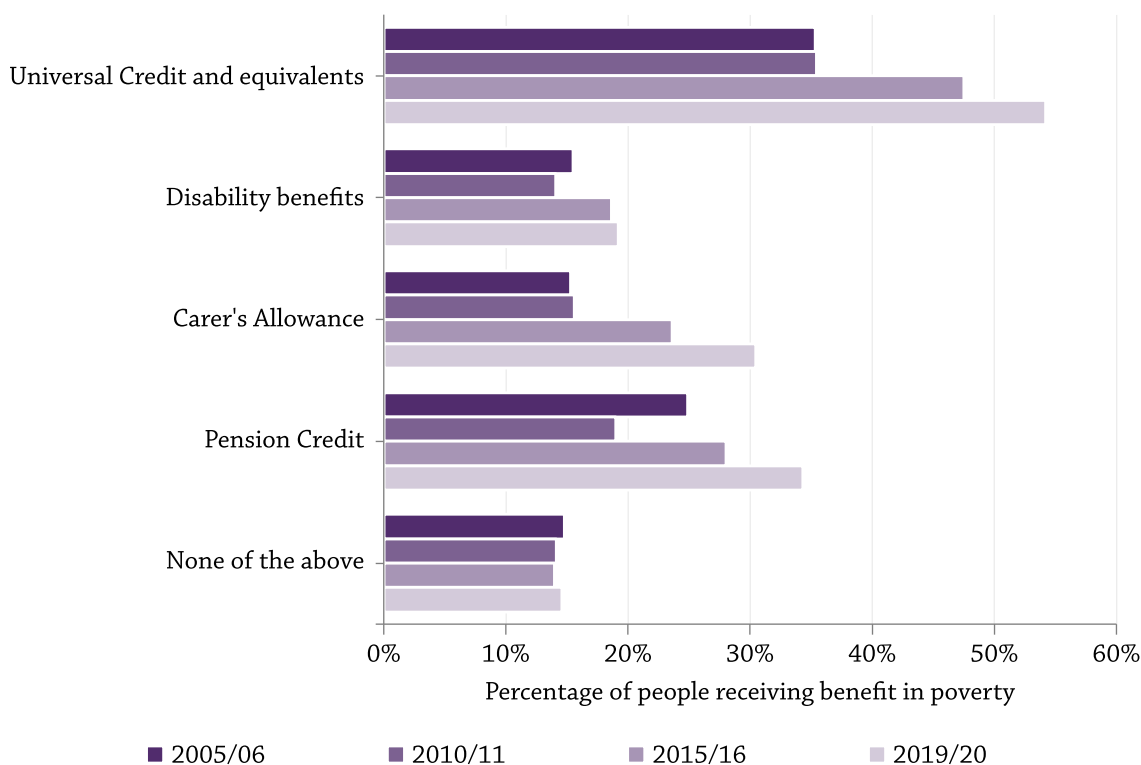
Benefit	Poverty rate in families in receipt (%)
Universal Credit or equivalents ¹	54
Disability benefits ²	19
Carer's Allowance ³	30
Pension Credit	34
None of the above	15

1. Universal Credit or equivalent covers families in receipt of Universal Credit (UC) or any of the legacy benefits it is replacing, that is working-age Jobseeker's Allowance (income-related), Employment and Support Allowance (income-related), Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit.
2. Disability benefits include any form of Disability Living Allowance, War Disablement Pension/Armed Forces Compensation Scheme, Attendance Allowance, Industrial Injuries Disablement Benefit and any form of Personal Independence Payments. The income from these benefits has been included as income, but these are actually paying for extra costs of disability, rather than increasing living standards. If these benefits are not included as income the poverty rate for this group rises to 40%.
3. Carer's Allowance recipients are more likely to live with someone in receipt of disability benefits. If disability benefits are not included as income the poverty rate for this group rises to 49%.

How has this changed over time?

The likelihood of being in poverty while being in receipt of these benefits has increased over time with, for example, over half of individuals in families in receipt of Universal Credit and the legacy benefits it is replacing being in poverty. Some of this may be a compositional effect, in that changes to the benefits system have meant that it is more targeted on those with the very lowest incomes.

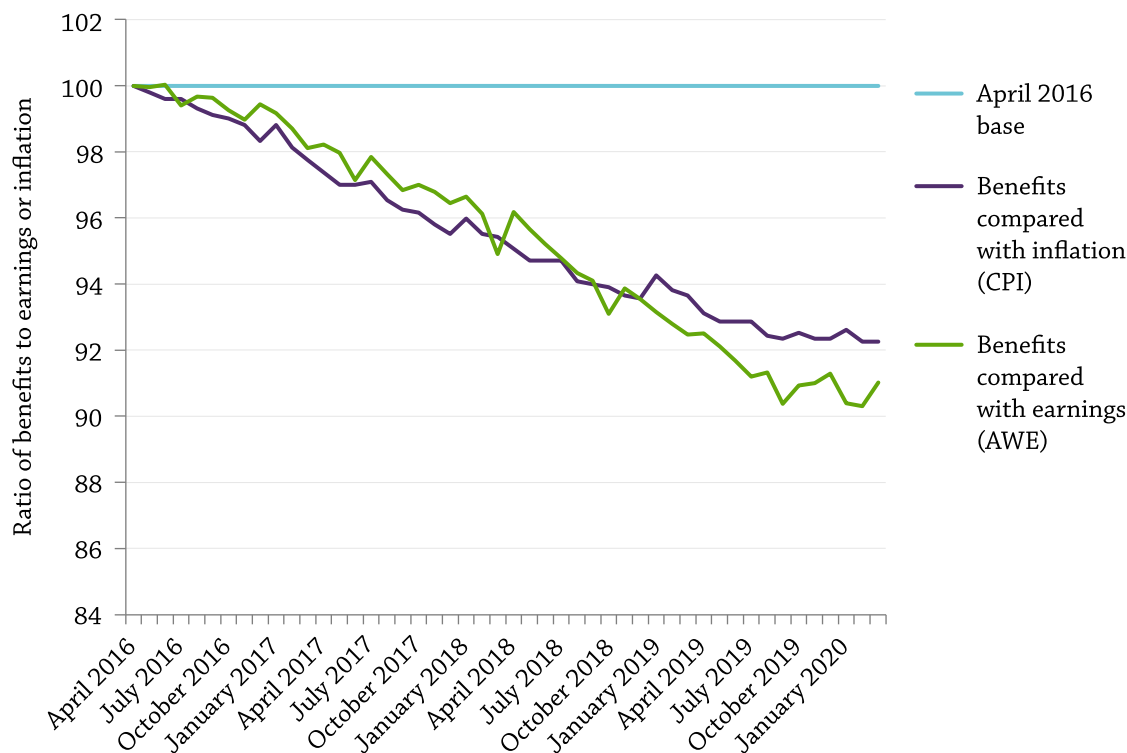
The number of families on benefits and in poverty has increased since 2010/11



Source: HBAI Stat-Xplore

However it is clear these rises coincide with more than a decade of cuts to welfare spending³. These will affect every benefit recipient in different ways, but it is clear that the benefit system in 2021 offers significantly less support than the system did in 2010.

The benefit freeze alone wiped almost 8% off the value of benefits included in it relative to inflation in just three years, with other cuts taking place on top of this



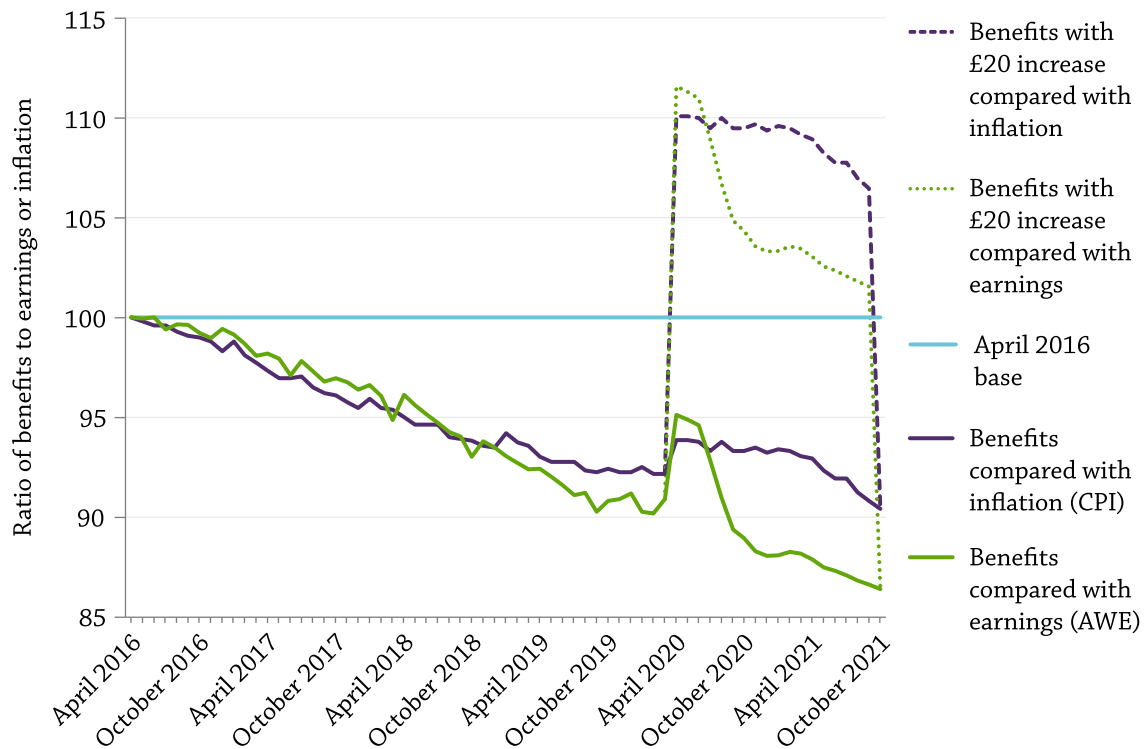
Source: DWP abstract of statistics and ONS inflation and wage data

What are the future prospects?

Since the last data point, we have had some positive developments, but these are already being undone either quickly or slowly. The rebasing of the Local Housing Allowance to the 30th percentile has not been reversed, but by freezing this at September 2019 levels the restoration of the relationship between housing costs and benefits paying for housing is again being broken, and housing is becoming less affordable for families receiving benefits.

The £20 uplift to Universal Credit and Working Tax Credits was put in place in April 2020 but was removed in October 2021, with increased in-work support in Universal Credit introduced from late November 2021. Both the uplift and the increased in-work support will take hundreds of thousands of individuals out of poverty. The effect of this on the values of out-of-work benefits relative to inflation and earnings is shown on the chart below, which extends the chart above to October 2021. The uplift is more than enough to compensate for the cuts that have occurred since April 2016 due to the benefit freeze, but the uplift wasn't applied to all benefits and now the basic rates for benefits previously included in the freeze are below their pre-pandemic levels once inflation has been taken into account, declining 9% compared with inflation or 13% compared with earnings over the last five years.

The £20 uplift was significant but now it has been removed all benefits previously included in the freeze are below their pre-pandemic levels



Source: DWP abstract of statistics and ONS inflation and wage data

Note: The precise percentage increase in the value of benefits because of the temporary £20 increase depends on family type. Here we have used a couple with no children who are aged over 25 and buying with a mortgage who just get the Standard Allowance in Universal Credit.

How does this section interact with other sections?

Benefit levels are one of the key drivers of poverty rates, in combination with levels of work and earnings. When working well the wider benefit system can act to support people to leave poverty and to signpost further support. If it does not work well it can cause claimants a lot of anxiety, affecting their wellbeing and mental health.

Housing and poverty

Why is this important?

Housing provides the basis from which people live their lives, connecting them to work, education, services and their communities. For many during Covid, housing provided a workspace and a place to isolate. The stability, quality and size of homes is crucial in itself, but also if housing is unaffordable it can drag occupants into poverty.

The experience of being in poverty also influences the type, quality and size of dwellings households are able to access. It can result in instability if families are unable to keep up with payments and can be a driver of overcrowding and concealed households, for example if adult children live with their parents as they are unable to afford a home of their own or access a home of a suitable size. At worst, households in poverty can experience destitution, homelessness or rough sleeping.

What's the headline story in the latest data?

Housing costs are a major factor in determining whether people are pulled into poverty, with the cost of housing a key driver of poverty for renters in particular. One-third (33%, 4.2 million people) of private renters are in poverty, driven by a combination of high housing costs and low incomes; almost half (46%, 1.9 million people) of private renters in poverty are pulled into poverty by their housing costs, compared with a third (33%) of social renters pulled into poverty by housing costs.

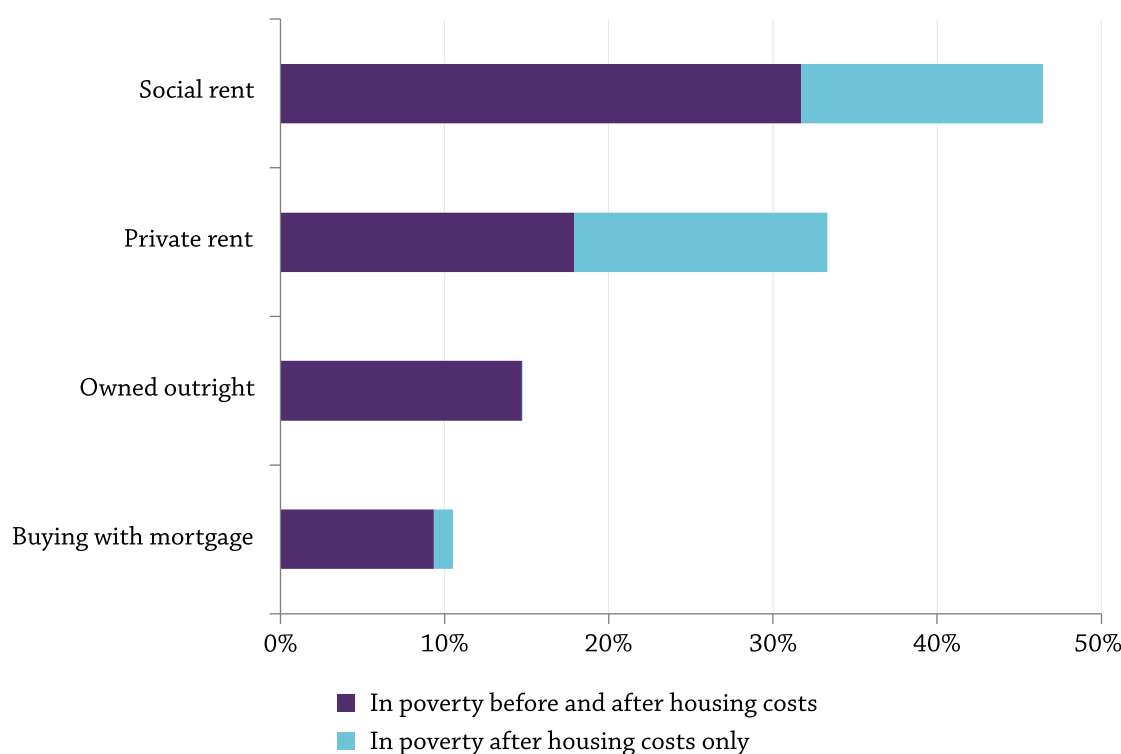
These drivers play out differently across the country; rates of poverty among private renters in the North East of England and Yorkshire and Humberside are the highest despite these regions having comparatively lower market rents on average, with poverty predominantly driven by the low income of renters in these regions (high proportions of private renters in these areas are on lower incomes). In contrast, London, the South East and East of England have comparatively lower (albeit still high) rates of poverty in the private rented sector, but much higher proportions of these renters are locked in poverty after housing costs because of the high cost of renting in these areas. See *Geography and Poverty* (page 23) for more information, and the JRF report *Renters on low incomes face a policy black hole* (Elliott and Earwaker, 2021) for analysis on the unaffordability of the private rented sector.

Social renters have the highest rate of poverty at 46% (4.9 million people), reflecting the comparatively lower incomes many social renting households are on (two-thirds (67%) are in the bottom 40% of incomes) and higher costs of paying rent compared with the housing costs paid by owner-occupiers. The composition of the sector reflects the allocation of social housing on the basis of need.

Poverty rates are lower for those who own outright (15%) and are buying with a mortgage (11%). The vast majority of these households are in poverty before housing costs, rather than being pulled into poverty by their housing costs.

Tenure	Poverty rate (%)	Number in poverty (millions)
Own outright	15	2.8
Buying with mortgage	11	2.4
Social rented	46	4.9
Private rented	33	4.2

Poverty rates are highest for social and private renters, many of whom are in poverty only after housing costs



Source: Households Below Average Income, 2019/20, DWP

As is the case for the majority of this report, this section provides UK-wide numbers, the sample for which, reflecting the population, is dominated by English figures. It is worth noting, however, that the significant differences in housing policy and outcomes in the different nations of the UK mean these figures are more pertinent to the English housing system than they are in Scotland and Northern Ireland in particular.

How has this changed over time?

In real terms, housing costs⁴ have risen significantly for social and private renters since 1994/95, while remaining at similar (and low) levels for those who own outright and falling for those buying with a mortgage, as shown in the graph below, despite substantial increases in house prices. Across the UK, rent-setting policies in the social rented sector have seen long-term above-inflation increases in rents, although the 1% a year rent reduction from 2016/17 to 2019/20 for social housing in England curbed this increase.

Although private rents on average did not rise in real terms between 2008/09 and 2019/20, the high cost of housing for private renters remains a key driver of poverty, as the number of households in this tenure has grown. Across all countries and regions, low-income (defined here as households with the bottom 40% of before housing costs (BHC) incomes) private renting households paid the highest housing costs and highest proportion of income towards housing costs of all low-income households, averaging £130 a week or 38% of incomes, compared with £98 a week or 32% of incomes for social renters. These rates are before housing support is considered which helps with the affordability of housing for those who get support.

Households buying with a mortgage have benefited from falling mortgage interest costs since the financial crash; the median housing costs for a low-income household buying with a mortgage in 2019/20 was £49, down from a peak of £88 in 2006/07 (in 2019/20 prices). Lower mortgage interest costs mean we have seen a fall in the proportion of households buying with a mortgage who are pulled into poverty by their housing costs. This measure of housing costs excludes mortgage capital repayments.

Median housing costs for low-income private and social renting households have increased substantially over the last 25 years, while for those buying with a mortgage costs have fallen



Source: Households Below Average Income, 2019/20, DWP

Indexed median real weekly housing costs by tenure for households in the bottom 40% of incomes Index: 1994/95 = 100

Low-income households buying with a mortgage had on average lower weekly housing-related outgoings (including mortgage capital payments) compared with low-income private renters, on average £122 and £130 respectively, set out in the table below. Those buying with a mortgage benefit from the accrual of wealth that comes with homeownership, with on average £73 of outgoings invested as capital into their mortgage and the remaining £49 as costs. By contrast, all the £130 in outgoings paid by low-income private renters is cost, from which they do not see any additional return benefit.

On average low-income renting households paid much higher housing costs and spent a higher proportion of income on housing costs

Tenure	Weekly median housing costs (including mortgage interest for those buying with mortgage)	Proportion of income spent on housing costs (%)	Weekly median mortgage capital	Proportion of income spent on housing costs plus mortgage capital (%)
Private rent	£130	38	–	38
Social rent	£98	32	–	32
Buying with mortgage	£49	12	£73	30

Source: Households Below Average Income, 2019/20, DWP

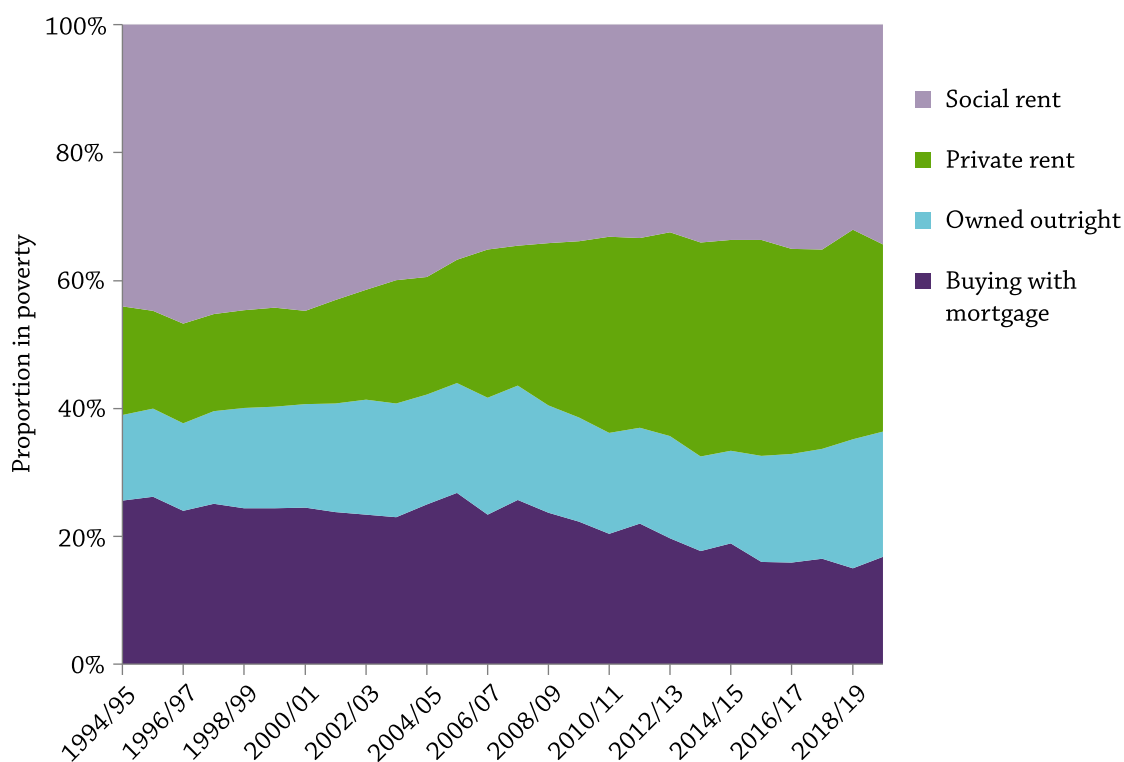
Note: here low-income households are those in the bottom 40% of before housing costs equivalised incomes, 2019/20. Mortgage capital estimate uses code developed by the Social Metrics Commission²².

The definition of housing costs in HBAI excludes mortgage capital.

Across all tenures the poverty rate in 2019/20 was lower than 25 years ago, reflecting the overall change in poverty rates. Over the last 10 years poverty rates have remained relatively constant for social and private renters but trended slightly upwards for those in accommodation owned outright, reflecting the increasing rate of pensioner poverty rather than this tenure type becoming less affordable.

The composition of poverty by tenure, in the graph below, has changed substantially over the last 25 years, driven by the broader tenure shift seen over the period. The number and proportion of people living in the social rented sector has declined and there has been a fall in the numbers of young households able to get onto the housing ladder. In its place, the private rented sector has doubled in size, and with it the number and proportion of people living in poverty in the private rented sector has doubled. By 2019/20 those in poverty were roughly evenly split across the three tenures (36% in owner-occupied owned outright or buying with a mortgage, 34% in social rented and 29% in private rented).

By 2019/20 those in poverty were roughly evenly split across social rented, private rented and owner-occupation



Source: Households Below Average Income, 2019/20, DWP

Security, quality and overcrowding

Historic policy in England has weakened the link between poverty and poor housing conditions, with households in poverty in England only slightly more likely to live in poor quality, or ‘non-decent’ – as measured by the decent homes standard – homes than those not in poverty. Much of the poor-quality housing in England is in the private rented sector, with private renters most likely to be living in non-decent homes, at 24%; the rate of non-decency is the same regardless of poverty status. Around 17% of owner-occupied households are in non-decent accommodation, increasing to 20% of those in poverty. Social rented dwellings are most likely to meet decency standards, with 12% of social renting households in non-decent homes, a rate that is consistent for those in poverty and not in poverty.

The success of the social rented sector in England delivering energy efficiency in its housing stock means that households in poverty in England are slightly more likely to have homes that are more energy efficient. Altogether, 38% of those in poverty live in homes with a standard assessment procedure (SAP) energy efficiency rating (EER) of A–C, compared with 34% of those not in poverty. This increases to 56% of all households in the social rented sector in a dwelling rated A–C, with only 3% rated E or below. The private rented sector and owner-occupied homes perform more poorly with 29% and 27% rated A–C respectively, while around 1 in 5 (19% and 22% respectively) are rated E or below.

The rates of overcrowding, measured by the bedroom standard, are higher for renters than non-renters, with renting households in England much more likely to be overcrowded (7% of households overcrowded) than in Scotland (4%), Wales (2%) or Northern Ireland (3%) (overcrowding analysis uses Social Metrics Commission code). Renting households in poverty are more likely to be experiencing overcrowding; 8% are overcrowded compared with 6% of those not in poverty. Rates of overcrowding among renters in England have doubled over the last 25 years (EHS, 2019/20).

The private rented sector also lacks the security provided by the longer-term tenancies, stronger protections against eviction, tighter regulation and social ethos of the social rented sector. Private renting households in England, Wales and Northern Ireland can be evicted 'without fault' by private landlords, which results in greater insecurity of tenure for the higher proportion of households in poverty now living in the sector. Scotland abolished no-fault evictions for new tenancies in 2017.

What are the future prospects?

Following years of reduced support towards housing costs for private renters through the delinking of support from local rents and then freezing of the Local Housing Allowance, the Local Housing Allowance was rebased to the 30th percentile of market rents in April 2020. However, from April 2021 this rate has again been frozen at 2020/21 levels, based on rents as at September 2019. As rents have increased across all regions during the pandemic, housing costs will have become less affordable for impacted families who are receiving benefits.

The continued prioritisation of the building of affordable rent dwellings (set at 80% of market rents) instead of social rent dwellings (typically around 50 – 60% of market rents), principally in England, alongside the above inflation increases for social housing rents will result in the creeping unaffordability of social housing for renters. While many social renters receiving housing benefit or housing entitlement under Universal Credit are entitled to have all housing costs covered, the continued implementation of the removal of the spare room subsidy (known as the 'bedroom tax') and the maintenance of the benefit cap at a fixed rate will result in reduced entitlement to support for housing costs. This will mean many people have to raid their non-housing-related benefits to cover housing costs. Scotland and Northern Ireland have maintained mitigation payments for the bedroom tax which will continue to support those who have claimed support.

Substantial increases in house prices during the pandemic are likely to further inhibit the ability of households, particularly those on low incomes, to get onto the housing ladder, despite UK government schemes introduced to boost homeownership. See JRF's report *Renters on low incomes face a policy black hole* (Elliott and Earwaker, 2021) for analysis on the unaffordability of the private rented sector and homeownership options.

The cumulative impact of these effects is that housing trends are likely to continue to have a negative effect on poverty levels.

How does this section interact with other sections?

Geography is an important determinant of housing costs; private rents and house prices are much higher in London, the South and larger cities, while even social rents, set based on local property values and earnings, are higher than average in these areas.

Ethnicity and poverty

Why is this important?

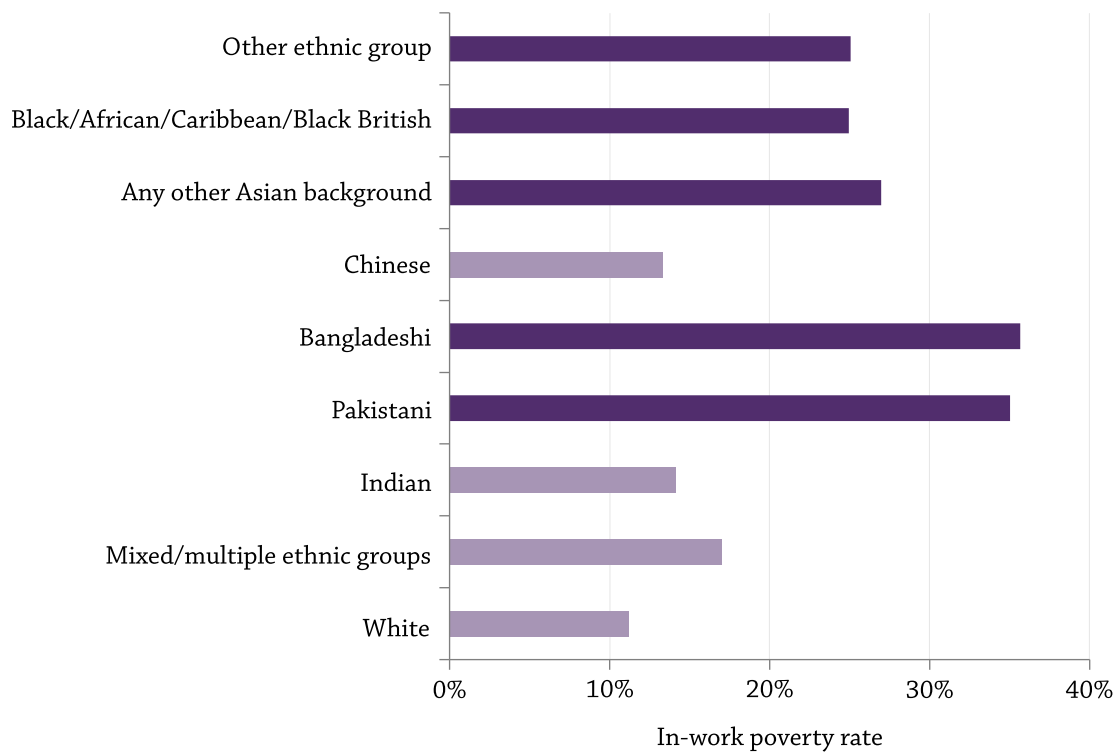
Poverty rates between ethnic groups vary significantly, with some groups at a much higher risk of poverty than others. Highlighting and understanding these differences is essential to solving poverty in the UK.

What's the headline story in the latest data?

Poverty rates for the Bangladeshi and Pakistani ethnic groups are higher than other ethnic groups. The poverty rate for the Bangladeshi ethnic group is 53% while it is 48% for the Pakistani ethnic group. This is in sharp contrast to the white group, where it is 19%. This is a pre-pandemic poverty picture, showing the deep differences between ethnic groups.

Household composition is a key driver of poverty for Black, Asian and minority ethnic (BAME) households and they are much more likely to be single earner households. Around two-thirds of working-age white households have all adults in work compared with only around half of BAME households. Ethnic minorities are also more likely to have higher rates of in-work poverty and child poverty. The higher in-work poverty rates are partly due to the type of sector these groups work in. For example, the in-work poverty rate is highest for Pakistani and Bangladeshi workers, at about 34%. This is because they are more likely to work part-time and be self-employed. According to the Runnymede Trust, a third of Bangladeshi men work in catering, restaurants and related businesses while 1 in 7 Pakistani men work in taxi, chauffeuring and related businesses (Khan, 2020). The occupations that Black, Asian and minority ethnic (BAME) people are more likely to work in have higher levels of poverty as well. Black workers are more likely to work in caring, leisure and other service occupations, which have an in-work poverty rate of more than 15%, as well as a high share of workers in less secure types of work.

Bangladeshi and Pakistani workers have the highest in-work poverty rates (higher poverty rates in darker colour)

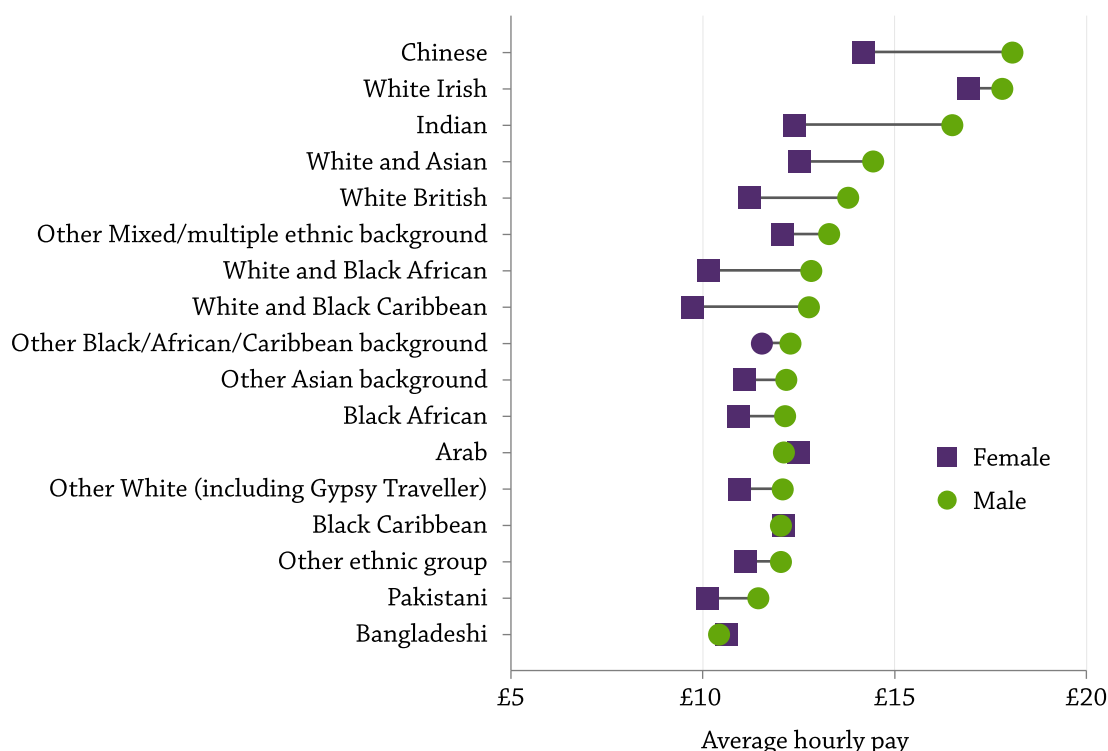


Source: JRF analysis of HBAI and Family Resources Survey (FRS)

Three-year average used due to low sample sizes for some ethnic groups

The pay gaps between women and men by ethnicity also show distinct differences. On average, men earned a higher hourly median wage than women in all but three ethnic groups in 2019. Bangladeshi women earned a similar amount to men, but they are both on a low average wage compared with other groups.

Men earned a higher hourly median wage than women in all but three ethnic groups



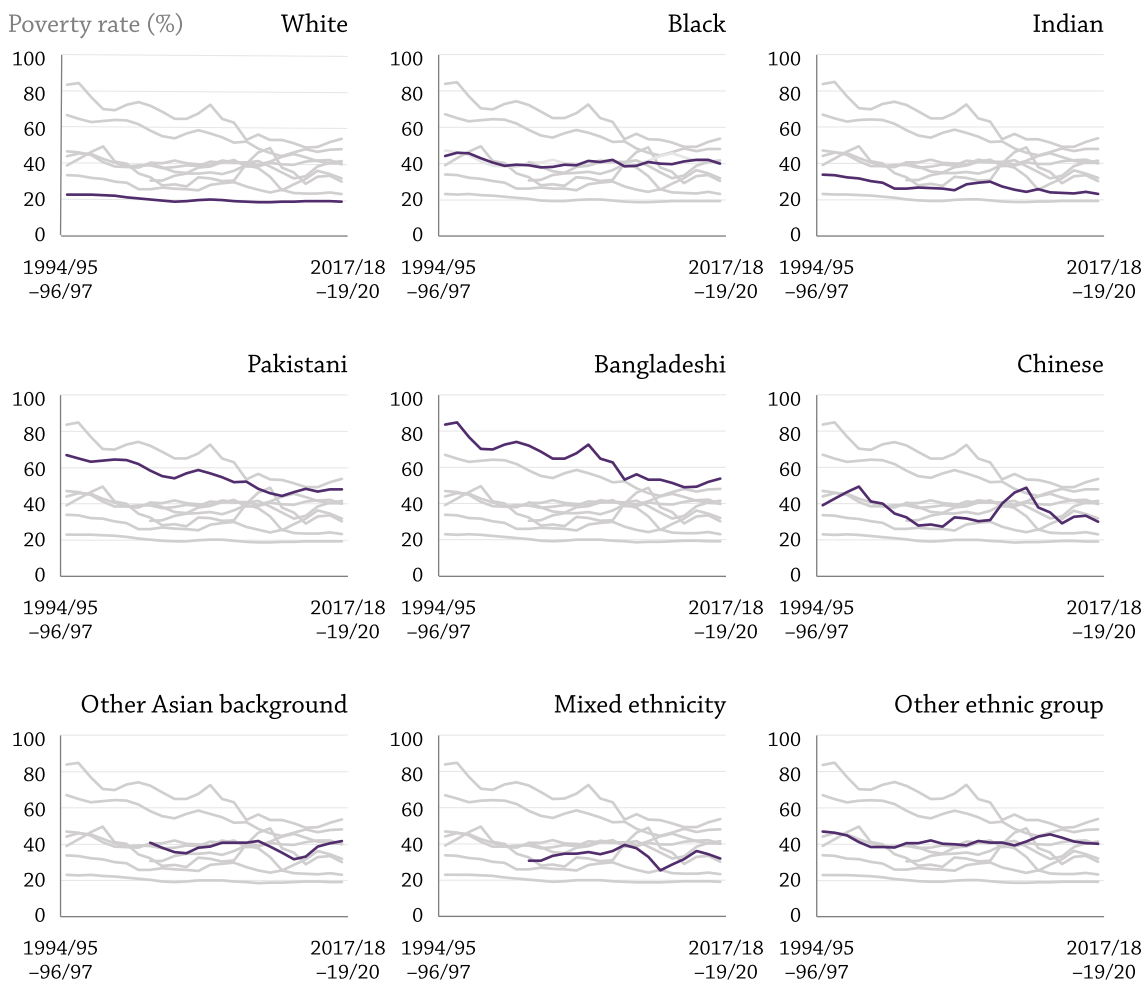
Source: Annual Population Survey (2019)

There are other factors that make it more likely to be in poverty that disproportionately affect some ethnic minority groups. More than a quarter of Black, Asian and minority ethnic (BAME) working adults spend over a third of their income on housing compared with just over 1 in 10 white workers. BAME workers in the lowest-paid occupations are far more likely to face unaffordable housing costs than white workers in the same occupations or white workers on average. As BAME households are more likely to be single earner households they spend a higher proportion of their overall household income on housing costs. They are also more likely to live in places with higher housing costs (for example London) and more likely to live in multi-generational households/families with children which incurs higher housing costs. Eight in 20 households affected by the benefit cap in England are BAME even though BAME households represent only 3 in every 20 of all households. Benefit capped households in receipt of Universal Credit have largely not benefitted from the temporary £20 increase.

How has this changed over time?

Poverty rates for ethnic minority groups have been higher than the white ethnic group for a long time, although this has changed over time. For a period between 1996/7–2013/14, poverty rates were declining for Bangladeshi and Pakistani ethnic groups, while the rates for the white ethnic group have consistently stayed around 20%. This is due to rising employment among members of the Bangladeshi and Pakistani communities and in particular the women of those ethnic groups. This new-found work will have enabled many families to increase their household income above the poverty line. Furthermore, poverty rates for the Black/African/Caribbean/Black British ethnic group have largely stayed just over 40% for the last 25 years.

Poverty rates for ethnic minority groups have been higher than the white ethnic group for a long time



Source: JRF Analysis of HBAI

What are the future prospects?

Since the last year of data, there have been some changes that would affect ethnic minorities more than other groups. First, the £20 uplift to Universal Credit and Working Tax Credit was put in place in April 2020 but was removed in October 2021. The higher rates of low income and earnings for some ethnic minorities means they are more likely to have received the uplift and may not earn enough for the changes in the taper rate and work allowance to be worth more than £20 a week. According to JRF analysis, some of the parliamentary constituencies with higher numbers of working-age families with children who will be hit by the cut to Universal Credit and Working Tax Credit have higher proportions of ethnic minorities than constituencies who will not be as badly affected.

Other changes include the removal of the furlough scheme, with more than 1 million staff still on furlough when the scheme ended in October 2021. It is important to monitor future labour market changes as the furlough scheme ends.

How does this section interact with other sections?

Ethnic minority families are disproportionately affected by changes to the benefit systems. They are also more likely to be working in low paying insecure work, so labour market trends are also critical. There are also differences in the typical family types for different ethnic groups, with the average family size for some ethnic minorities being higher than average. They will also have higher household costs because they're more likely to have children in their household.

Disability, carers and poverty

Why is this important?

Disabled people face a higher risk of poverty and have done so for at least the last 20 years. This is driven partly by the additional costs associated with disability and ill-health, and partly by many disabled people being less able to access work. With potential for work often limited, disabled people and/or families where someone is disabled frequently rely on benefits as a source of income, which at current rates will almost inevitably lead to higher poverty rates.

What's the headline story in the latest data?

Disability

This section sets out poverty rates for disabled people⁵ and for individuals in families where someone is disabled.

Overall, around 1 in 5 people are disabled in the UK: looking at this by age, 8% of children, 45% of pensioners and 19% of working-age adults self-report being disabled. Just over one third of all families have at least one person who is disabled.

The poverty measure that has been used in this section is based on after housing costs, excluding disability benefits from household income. These disability benefits are designed to cover the costs associated with being disabled. This means including these disability benefits as income can give a misleadingly lower assessment of the poverty risk.

In the published headline figures where disability benefits are included as income, the poverty rate for disabled people is 27%. Excluding these benefits from income increases the poverty rate for disabled people by 5 percentage points to 32%, some 12 percentage points above those who are not disabled. The difference is particularly stark for working-age adults: those who are disabled are more than twice as likely to live in poverty than those who are not (38% and 17% respectively).

Poverty rates are higher for disabled people

Disabled/not disabled	Age group	Poverty rate (%)
Disabled	Child	32
	Working-age adult	38
	Pensioner	24
Not disabled	Child	30
	Working-age adult	17
	Pensioner	17

The poverty rate among working-age disabled men is 41%, 25 percentage points higher than those who are not disabled. For working-age disabled women, the poverty rate is lower at 36%, though still 18 percentage points higher, or double the rate, for women who are not disabled. The lower poverty rate among disabled women compared with disabled men can be explained in part by different family structures. Among working-age adults, 44% of disabled men are single without children, 12 percentage points higher than disabled women. As all single working-age adults have higher poverty rates than those in couples, the higher proportion of men within this group will be driving much of the higher poverty rate for disabled working-age men compared with disabled working-age women.

The poverty rate for individuals who live in families where someone is disabled is 31%, 12 percentage points higher than those who live in families where no-one is disabled. Of all families in poverty, just under half contain someone who is disabled, compared with 3 in 10 of families not in poverty.

Poverty varies by who is disabled within the family and is especially high where there are both disabled adults and children. At 40%, it is more than double the rate of families where no-one is disabled. The risk is also high among families where there is a disabled adult only, at 31%. Given this is a large population group, this equates to just under six million people in that family type living in poverty.

Poverty rates are much higher for families containing a disabled adult

Disability mix within the family	Poverty rate (%)
No-one disabled	19
Disabled adults only	31
Disabled children only	25
Disabled adults and children	40

A key driver of the higher poverty rate is the lower employment rate both for disabled people and in families where someone is disabled. Among families where someone is disabled, the workless rate is 26%, compared with 10% of families where no-one is disabled. Among those families who are working, 17% of those where someone is disabled only work part-time, compared with 11% where no-one is disabled.

Different employment rates also change the income profile for families where someone is disabled. These families have a mean unequivalised family net income before housing costs that is 80% of the level for families where no-one is disabled, at £465 and £579 respectively. Further to this, for families where someone is disabled, just over a third of their income comes from benefits, more than three times the level of families where no-one is disabled.

Carers

Around 1 in 12 adults (4.4 million) are informal carers, with nearly 6 in 10 living in families where someone is disabled. Just under 6 in 10 are women, and just over three-quarters are working age. Just over two-thirds care on average fewer than 35 hours a week, with around 3 in 10 spending more than 35 hours a week providing informal care.

Informal carers are more likely to live in poverty than those without caring responsibilities: 24% compared with 21%. Within this, poverty rates vary by age and sex. Carers of working age have a higher poverty rate than their pensioner counterparts, and it is marginally higher for men than for women across both age groups. Those who spend more time caring have higher poverty rates: 44% of working-age adults who are caring 35 hours or more a week are in poverty, more than double the rate of those caring fewer than 20 hours a week (17%). The poverty rate among working-age adults who spend between 20–34 hours a week is 26%, also significantly higher than those with lower caring responsibilities. This group find their capacity for work restricted, yet their caring levels are insufficient to entitle them to receive Carer's Allowance.

Poverty rates are higher for working-age informal carers than non-carers

	Working age		Pensioners		All	
	Carer (%)	Non-carer (%)	Carer (%)	Non-carer (%)	Carer (%)	Non-carer (%)
Female	25	22	20	22	24	22
Male	26	20	21	17	25	19

Working-age informal carers are less likely to be employed, a difference that persists across sex. Around two-thirds of both male and female carers are employed. By contrast, more than 7 in 10 women and more than 8 in 10 men who are not carers are employed. The amount of time spent caring also impacts ability to work. Six in 10 of those who are caring for 35 hours or more a week are workless, three times the rate of those caring for less than 20 hours a week. Those caring for 20–35 hours a week are also less likely to be employed, with around a third inactive. Of those carers who are working, those with higher caring responsibilities (35+ hours or 20–34 hours) are more likely to work part-time than those providing lower levels of care (less than 20 hours): 43%, 32% and 29% respectively.

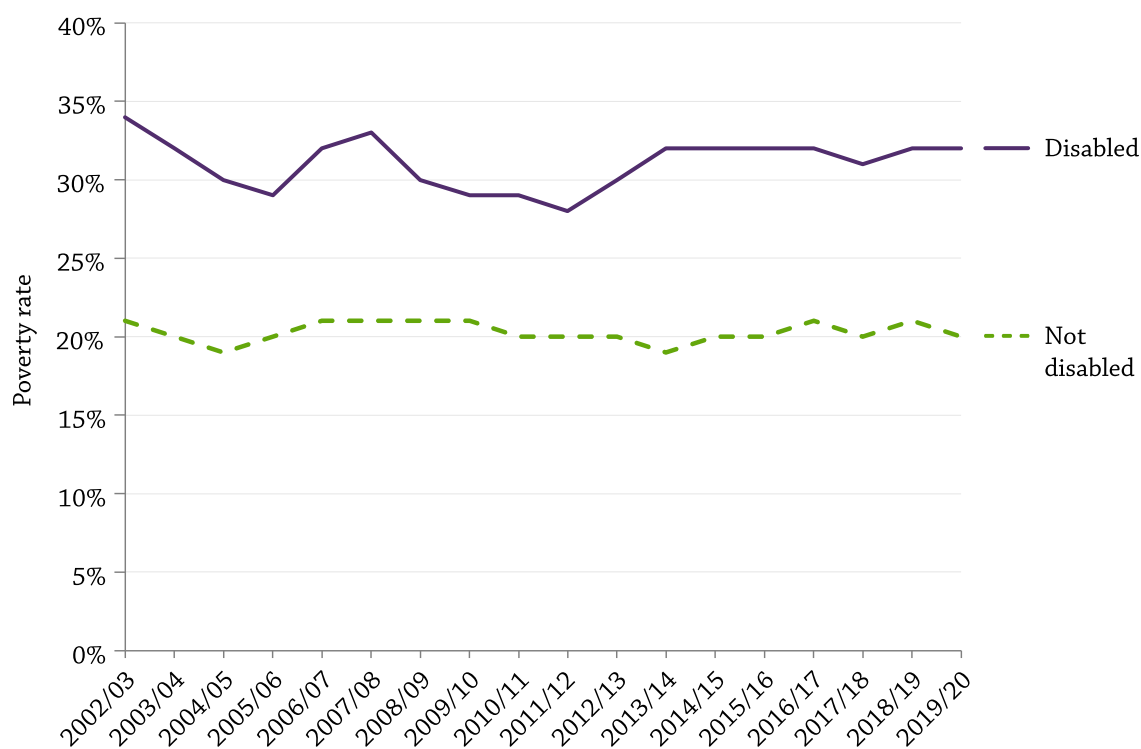
How has this changed over time?

Disability

The poverty rate for disabled people has remained broadly constant at around a third since 2013/14. This occurred at the same time as the proportion of the UK population reporting being disabled increased, as it has done consistently over the last two decades, particularly among working-age adults. This has resulted in larger numbers of people exposed to a higher risk of being in poverty, as poverty among disabled people has consistently been above that of non-disabled people. After a closing of the poverty gap in the early part of the 21st century, it widened notably from 2011/12 to 2013/14 and has remained at broadly the same level ever since.

This is despite the proportion of disabled working-age adults in work increasing from 42% to 52% over the last 10 years, with a corresponding fall in the proportion in receipt of income-related benefits. The proportion of working disabled people who work part-time has remained relatively steady at around 30%, compared with around a fifth of those who are not disabled. So, while more disabled people are working, they are still less likely to be able to access full-time work, and then must rely on income-related benefits to supplement income.

Poverty is consistently higher for disabled people



Source: JRF analysis of HBAI

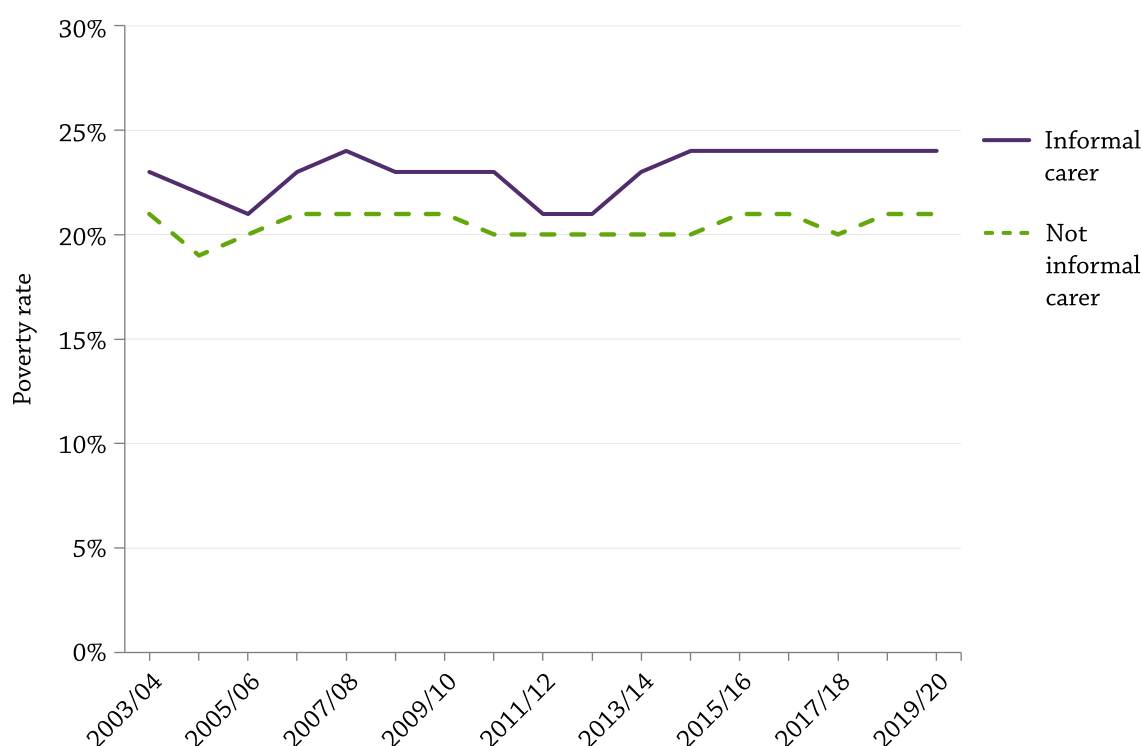
Disability-related benefits are excluded from household income

Carers

The proportion of adults who are informal carers has remained relatively stable at around 8-10% over the last 15 years.

The poverty rate among carers continues to be above those who are not carers. Following a similar (though slightly later) pattern to poverty among disabled people, the poverty gap between carers and non-carers widened from 2013/14 to 2015/16 and has remained broadly steady at its current level of almost a quarter since then.

Poverty is consistently higher for informal carers



Source: JRF analysis of HBAI

Disability-related benefits are excluded from household income

What are the future prospects?

The outlook for future poverty among disabled people, their families and carers is concerning. The poverty gap between disabled and non-disabled people shows no signs of closing, and while a greater proportion of disabled people are now employed, many still rely on income-related benefits. Many of these benefits have seen their value eroded since 2010, through either less-than-inflation uplifts, or the benefit freeze which was in place from April 2016. While the lifting of the benefit freeze in 2020 has halted this decline, benefits are still insufficient to prevent people being swept into poverty, especially for families who cannot work.

While employment among disabled working-age adults is at its highest level for the last 20 years, there are signs that their work could prove to be precarious, and is insufficient to prevent people being pulled into poverty. During the first 18 months of the coronavirus outbreak, just under 7 in 10 employed disabled people found their work affected, a proportion that increases to nearly 9 in 10 among younger (18–24) workers (Leonard Cheshire, 2021). Alongside this, negative stigma around employing disabled people still persists, with 1 in 5 employers less likely to hire a disabled person. If work is going to provide a route out of poverty for disabled people, much still needs to be done to ensure that employers are doing what they can to support disabled employees.

How does this section interact with other sections?

The key interaction is with the labour market section and benefit receipt sections, as key drivers of the higher rates of poverty for disabled people and carers are a labour market that is not good enough at offering the flexibility and accessibility that would allow all disabled people and carers who want to access work, and inadequate benefit levels for those currently unable to work. There is also a link with the health analysis (see health and poverty section) which shows that being in poverty can in itself contribute to poor health.

The experience of being in poverty

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The experience of being in poverty

Cost of living

Why is this important?

The cost of living is the spending by households on goods and services to help them fulfil their everyday lives. A key part of our definition of poverty is the ability to participate in society; having an income that allows you to meet the cost of living is integral to that. If the price of goods, especially of essentials, increases at a faster rate than incomes, this squeezes household budgets and puts pressure on those already on lower incomes.

This section focuses on the data which examines recent household spending trends. It is also worth cross-referring to the Minimum Income Standard (MIS)⁶ which looks at what households need to spend to reach a socially acceptable standard of living, based on views of members of the public.

Throughout this section we look at spending on food, clothing, housing and energy. While having these items gives a basic level of subsistence, the MIS shows that the living standards that we, as a society, consider everyone in the UK should be able to achieve involve much more than basic survival. To reach a level that the general public agrees is required to fully take part in society, families need to be able to spend on other goods and services such as transport, communication and household goods. These things allow a basic level of socialising, buying small Christmas gifts for loved ones or the ability to organise a birthday tea for your child.

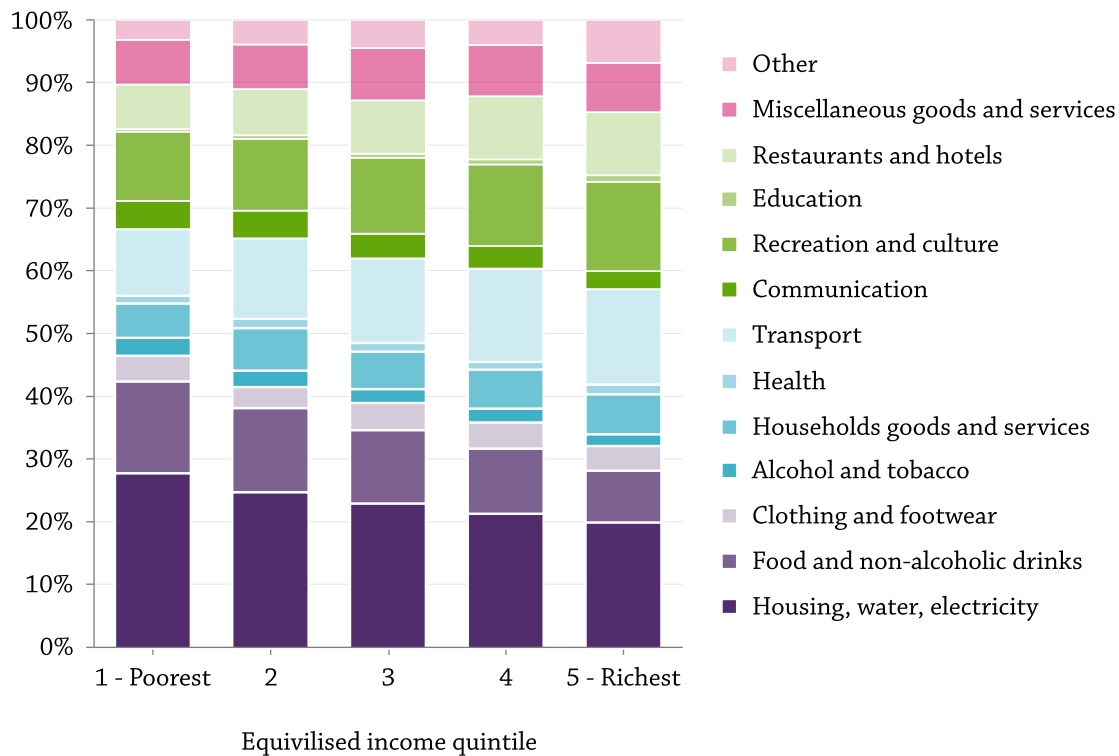
What's the headline story in the latest data?

In 2019/20, the average household weekly spend in the UK was £588. In 2019/20, households in the lowest income quintile spent £329 a week. This is just under 40% of the average weekly spend of households in the richest income quintile (£937).

When looking just at spending on housing, energy, food and clothing this gap closes. The poorest fifth of households spend £153 a week, which is just over 50% of the £301 that richer households spend.

This highlights that for poorer households these unavoidable costs make up a larger proportion of their spending. The poorest fifth of households spend 47% of their budget on these compared with 32% in the richest households. This means poorer families have a smaller proportion of their budget to deal with unexpected costs and budgets are even further pressured by price increases for necessities.

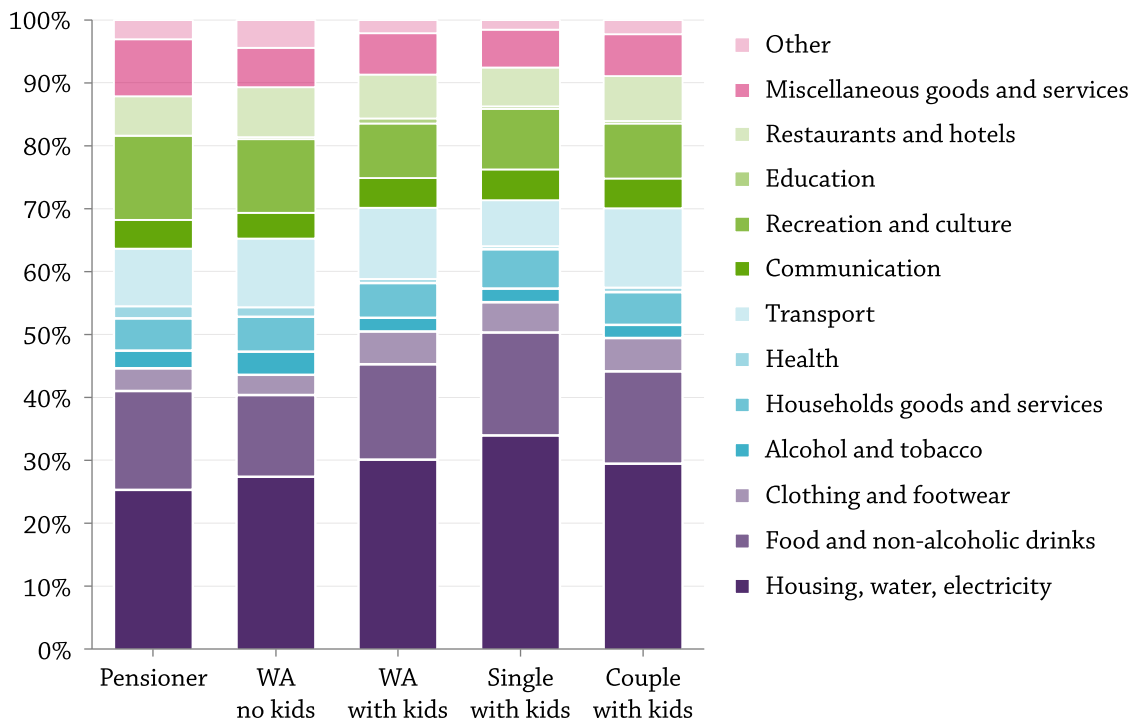
Lower income households spend a higher percentage of their budget on food, housing and energy



Source: Living Costs and Food Survey, 2019/20

Within the poorest 20% of households, those with children use a higher proportion of their weekly spending on housing, energy, food and clothing. For lone parents the spending makes up 55% of the total, for couple parents it is 51%.

Among low-income households, renters and families with children are more likely to spend a higher percentage of their budget on food, housing, clothing and energy



Source: Living Costs and Food Survey, 2019/20

How has this changed over time?

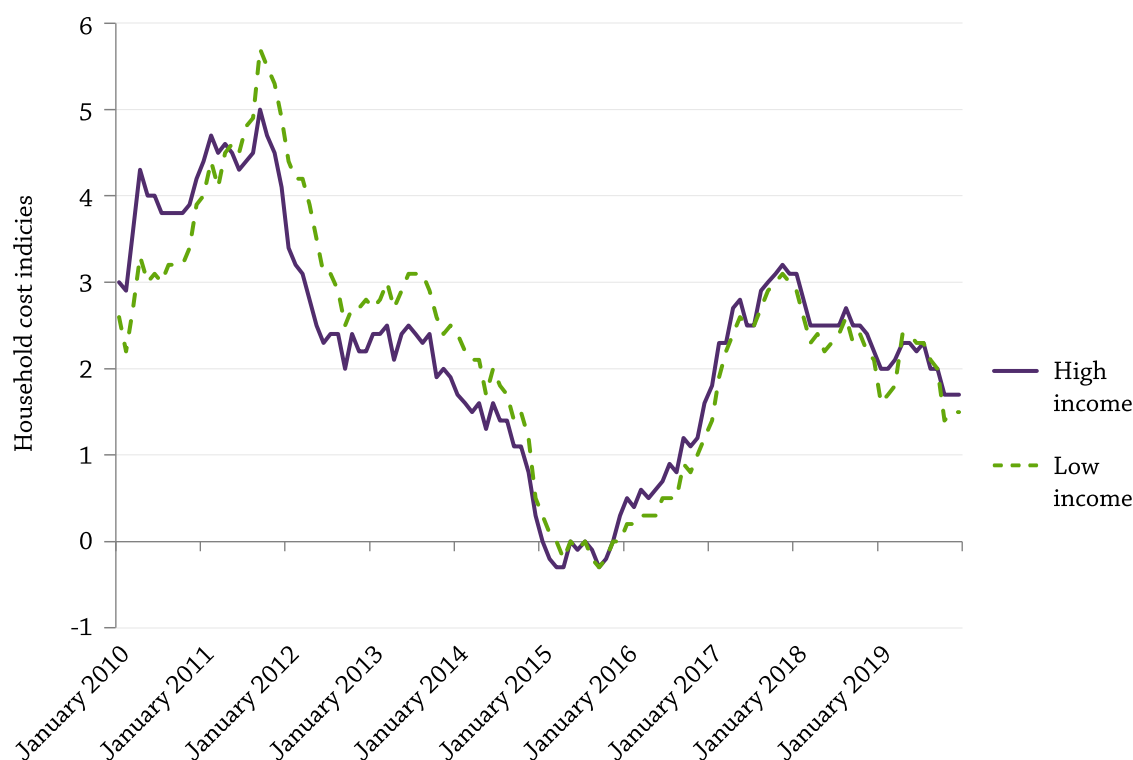
Average weekly household spending of £588 in 2019/20 was a decrease on the previous year. This was the first decrease in several years and was due to reductions in spending in household goods, transport and recreation and culture. Before this average household spending had risen from £569 a week in 2014/15 to £603 a week in 2018/19.

The recent decrease in total spending is not seen in the spending on food and housing. The average family spend on food increased by £1 a week between 2018/19 and 2019/20, and there has been a £3 increase in spending on housing. Between 2015/16 and 2019/20 the average weekly increase in family spending on food was £4 and housing £10. This combined increase was higher for families in the poorest quintile (£18 a week) than it was for families in the rest of the population (£13 a week).

ONS has produced experimental household cost indices that can be used to compare the inflation experienced by high- and low-income households. From the chart below you can see there have been four phases of inflation over the period since 2010:

- The first period from the start of 2010 to around August 2011 was a period of rising inflation, with low-income households seeing a bigger increase than the high-income households.
- The second period from August 2011 to mid-2015 was a period of falling inflation, but during the whole of this period inflation was higher for lower-income households than higher-income ones.
- The third period from mid-2015 to late 2017 was of rising inflation, with higher-income households seeing slightly higher inflation.
- The final phase in this data is from late 2017 to the end of 2019, and shows falling inflation, and again higher-income households are seeing slightly higher inflation.

Household cost indices for different income households



Source: Office for National Statistics – Household Costs Indices

Low-income households are those within the second income decile, and high-income households are those within the ninth income decile

What are the future prospects?

The most recently available data on household living costs is pre-pandemic. Throughout most of the pandemic, inflation remained low, and was at or below 1% for all of 2020/21. However, since then inflation has increased and in the short term the cost of living is expected to rise as inflation is predicted to be slightly greater than earnings growth.

This means workers are predicted to experience a small fall in real earnings, squeezing household budgets. In the first half of 2022, the OBR predicts that inflation will remain above 4%. Average weekly earnings growth is also expected to be high, but crucially below the Consumer Prices Index (CPI) at around 4%. This is expected to unwind by the end of 2022 with inflation decreasing through 2022 and 2023, so mean earnings growth (4.0%) is predicted to again be higher than inflation (3.3%) in the fourth quarter of 2022.

To compound the increased cost of living in the next year and the previously mentioned rise in rents throughout the pandemic, the winter of 2021 has seen a large increase in essential energy costs. In October 2021, the UK Government lifted the cost cap by £139 (to £1,277), meaning the average usage household on a standard tariff would expect their annual bill to increase by this amount, with increases for people with pre-payment meters being even higher. People on fixed tariffs have also been moved onto this increased standard tariff if their energy supplier ceases trading. Households who spend the highest proportion of their budgets on energy are likely to be the ones most affected by the rising energy cap, with already tight budgets further squeezed. Those particularly at risk are families with children, especially lone parents, and those in rented accommodation.

How does this section interact with other sections?

A key part of our definition of poverty is having an income that allows you to take part in, and contribute to, society. Having an income to cover the cost of living is a key driver in this. Cost increases, particularly for essentials, are difficult to manage for those on already stretched budgets. The pressures of meeting these essential costs can cause stress and anxiety and often involve making cuts in other areas which can affect overall wellbeing.

Savings and debt

Why is this important?

The level of savings held by a household is crucial in determining whether a household can cope with sudden changes in income (for example job loss or reduced hours) or additional costs (such as if their car needs repairing or they need to replace their washing machine). A household with a high level of financial resilience can, in the short-term at least, weather unforeseen events that negatively affect their disposable income. However, households that have insufficient savings to absorb financial shocks often find themselves falling behind on bills or going into debt to cover financial obligations.

Falling behind on bills or going further into debt can place huge stress on the mental wellbeing of a household, which can lead to depression, anxiety and a greater chance of relationship breakup. This is why it is so important for households to have a buffer of liquid savings (savings that can be turned into cash quickly) to call on at short notice in order to avoid falling into debt and/or accumulating bill arrears.

What's the headline story in the latest data?

According to the Office for National Statistics' Wealth and Assets Survey, around 1 in 6 people in 2016/18 lived in a household (HH) where adult liquid savings were less than £250 in real terms⁸. However, this rate varies considerably between different household income quintiles. Just over 1 in 3 people in the poorest fifth of households⁹ have household liquid savings of less than £250 while nearly 1 in 4 people in the second poorest household income quintile are in this position. On the other hand, only 3% of people in the highest household income quintile have household liquid savings less than this amount.

In terms of debt that is neither a mortgage nor a student loan¹⁰, just under 1 in 3 people live in a household where at least one person finds debt a burden. This rate is higher, at around half (51%), for people living in the poorest fifth of households but it is not much different for people in the second and middle household income quintiles (37%–39%). For people in the richest household income quintile, 17% find debt a burden, which is only a third of the rate for people in the poorest income quintile.

Focusing specifically on people in the lowest household income quintile, there are some groups that are at particular risk of having an insufficient buffer of savings or of finding debt a burden (see table below). People living in lone-parent households, or in households where the household representative¹¹ (HRP) is sick or disabled¹², have a high likelihood (66% and 64% respectively) of having household savings of less than £250. These groups also face a higher risk (71% and 74% respectively) of having someone in the household finding debt a burden. Other low-income groups at risk of low savings include households where the HRP is unemployed, households who are social renting and households with the youngest child aged 5–9 years old.

High numbers and rates of people in the bottom income quintile have liquid savings below £250 or find debt is a burden (2016/18)

Savings or debt measures	Household Type	Population	Rate (%)	
Liquid savings <£250 in household	Childless household	1,400,000	25	
	1 – 2 children	1,900,000	47	
	3+ children	900,000	44	
	Youngest child 0 – 4	1,300,000	47	
	Youngest child 5 – 9	1,000,000	53	
	Youngest child 10 – 14	300,000	34	
	Social renting	2,700,000	58	
	Private renting	900,000	43	
	Homeowner	600,000	13	
	Employee HRP	1,300,000	36	
	Unemployed HRP	400,000	60	
	Sick/disabled HRP	800,000	64	
	Lone parent	1,100,000	66	
	Single without children	800,000	48	
	Couple with children	1,500,000	39	
	Couple without children	300,000	25	
	Debt is a heavy/somewhat of a burden in a household	Childless household	1,100,000	42
		1– 2 children	800,000	61
		3+ children	400,000	71
Youngest child 0 – 4		500,000	65	
Youngest child 5 – 9		400,000	72	
Youngest child 10 – 14		100,000	49	
Social renting		1,100,000	70	
Private renting		400,000	59	
Homeowner		700,000	33	
Employee HRP		700,000	55	
Unemployed HRP		200,000	66	
Sick/disabled HRP		400,000	74	
Lone parent		400,000	71	
Single without children		500,000	60	
Couple with children		700,000	59	
Couple without children		300,000	46	

Source: Wealth and Assets Survey, 2016/18

Note: Liquid savings are in 2019/20 prices

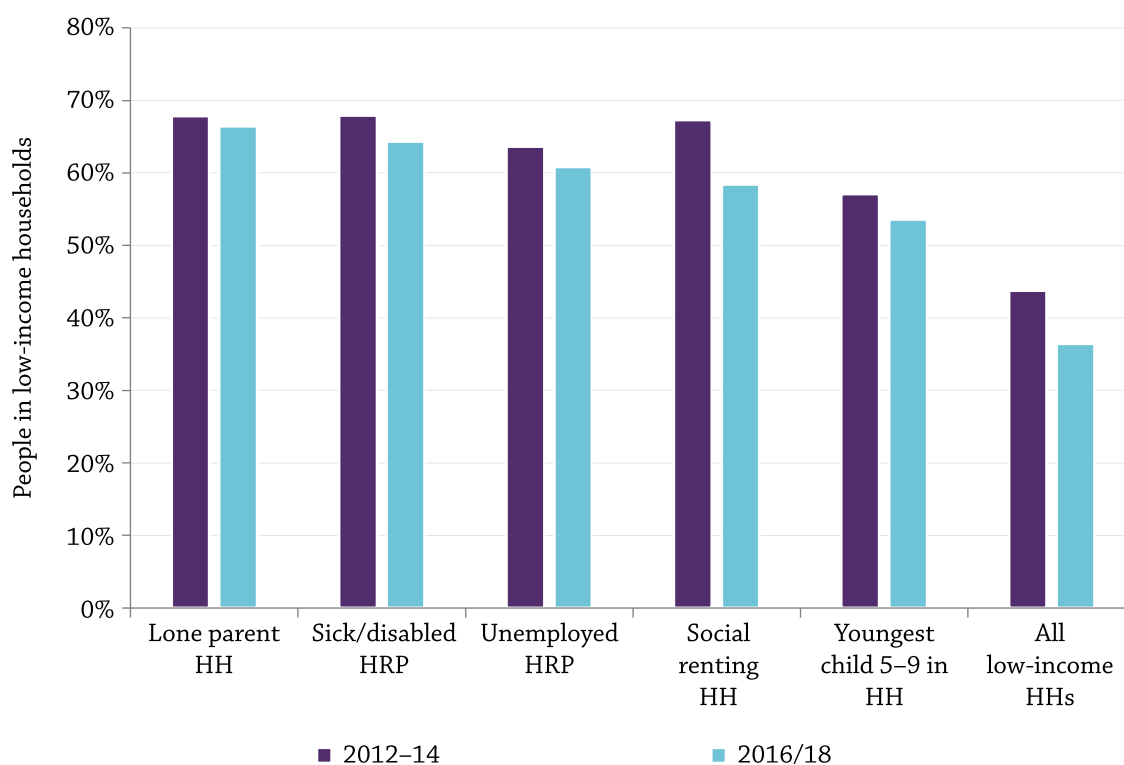
How has this changed over time?

The proportion of people in households with less than £250 in liquid savings has declined over the last few years from 21% in 2010–12 to 16% in 2016/18. All household income quintiles have seen a decline in this time, with the largest declines seen for the poorest three household income quintiles (5–8 percentage points).

There has also been a decline in the proportion of people living in a household where at least one member has said debt is a burden, from 37% in 2012–14 to 31% in 2016/18 (2010–12 data is unavailable). The steepness of this decline has been slightly greater for most higher household income quintiles.

Changes in the risk of low savings or debt being a burden for particular groups in low-income households that are known to face a higher risk of poverty than the general population are illustrated in the charts below.

Proportion of people living in a low-income household with less than £250 in liquid savings



Source: JRF analysis of Wealth and Assets Survey wave 4 and round 6 data

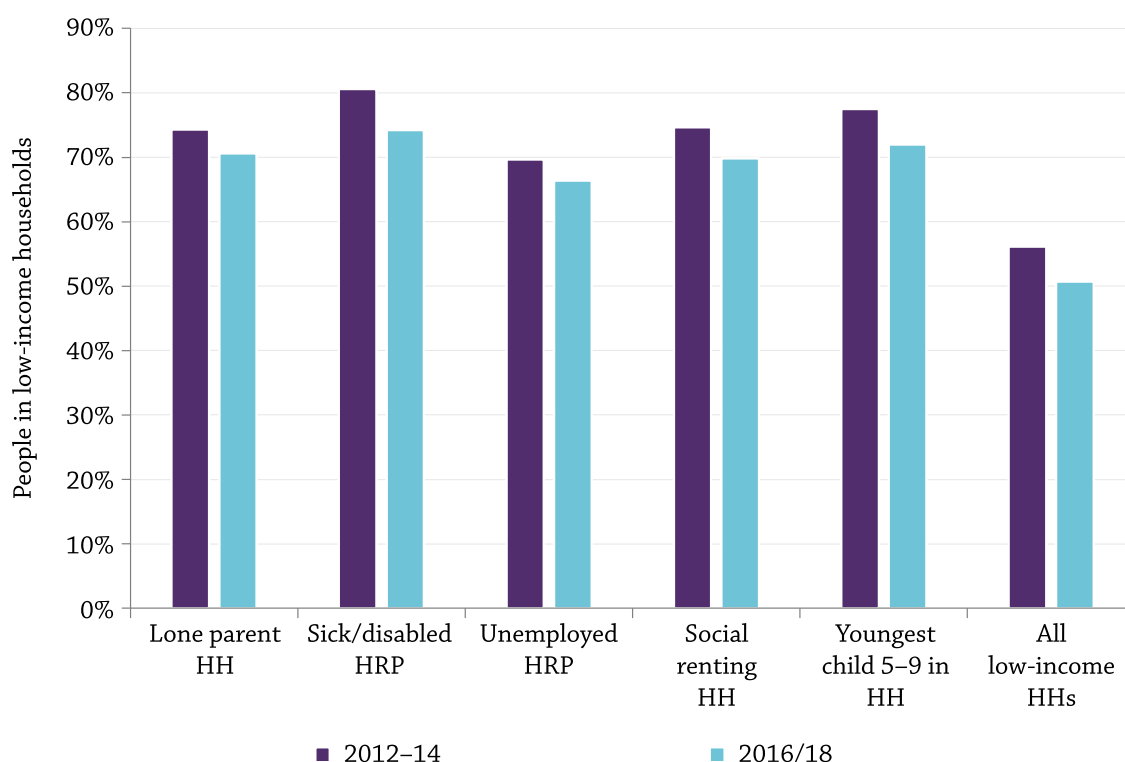
Liquid savings are made up of money in current and savings accounts, ISAs, national savings certificates/bonds, UK shares and UK gilts

Note: The 2012–14 period covers July 2012 to June 2014, while the 2016/18 period is a combination of the two financial years 2016/17 and 2017/18

This shows people in a lone-parent household have seen only a marginal improvement (2 percentage points) in their ability to build up their household savings to at least £250. This is especially concerning given they already had a very high risk of low savings in 2012–14. Most other high-risk poverty groups in the above chart also saw small improvements of 3–4 percentage points in the chance of having household savings of more than £250. Despite these improvements since 2012–14, more than half of people in all the groups in the above chart still do not have household savings of at least £250. Furthermore, it is important to note that all these groups still have a higher risk of low savings compared with the risk facing all people in the lowest household income quintile.

Looking at debt, reductions were seen for people in high-risk poverty groups living in a household where someone said debt was a burden. The greatest declines were seen for people living in either a household where the HRP is sick or disabled (7 percentage points) or a household where the youngest child is aged 5–9 years old (6 percentage points). However, despite a decline of 7 percentage points in the risk of debt being a burden, nearly three-quarters of people in a household where the HRP is sick or disabled still live with someone who said this type of debt is a burden.

Proportion of people in low-income households where someone has said non-mortgage/student debt is a burden



Source: JRF analysis of Wealth and Assets Survey wave 4 and round 6 data

Only includes people living in a household where a household member has non-mortgage/student loan debt. ‘All low-income HHs’ refers to all low-income households with non-mortgage/student loan debt

Note: The 2012–14 period covers July 2012 to June 2014, while the 2016/18 period is a combination of the two financial years 2016/17 and 2017/18

It is also once again noteworthy that, despite the decline in risk seen between 2012–14 and 2016/18, all these groups have a higher risk of their household facing a burden of debt than the overall risk faced by all people in low-income households.

What are the future prospects?

While there has been a decline in the proportion of people living in a household with low savings or where non-mortgage/student loan debt is a burden of a fellow household member, the continuation of this trend in the years following the coronavirus pandemic is highly uncertain.

The picture during the pandemic is worrying. Polling by Savanta Comres for JRF in September and October 2021 showed 45% of households in the bottom income quintile who are now in arrears say that they were always able to pay their bills in full and on time pre-pandemic¹³. The same polling also found that 52% of households in the bottom income quintile said they were unable to access £250 in savings within a week or had no savings at all. While not directly comparable with the definition of liquid savings used in the earlier analysis of Wealth and Assets Survey data, it is nonetheless a lot higher than the 36% of people in the poorest fifth of households who had liquid household savings of less than £250 in 2016/18. All of this is despite the introduction of the Coronavirus Job Retention Scheme (CJRS), which provided UK Government funding of up to 80% of the wages of workers who would otherwise have lost their jobs due to lockdown restrictions, the Self-Employment Income Support Scheme and the £20 a week uplift in Universal Credit and Working Tax Credits.

Furthermore, since October 2021, the employment support schemes and the £20 uplift in Universal Credit and Working Tax Credits have been withdrawn. This is at the same time as a 12% increase in the energy price cap for households with typical energy use, and inflation running at over 3%. It is almost certain electricity and gas prices will rise further in April 2022 when the next review of the energy price cap takes place, given the continued high wholesale gas prices. All of these factors are expected to hit the savings of low-income households and hamper the ability to service debts due to the squeeze on disposable income from rising inflation.

How does this section interact with other sections?

Changes in the overall cost of living will affect people's ability to save, and avoid getting into problem debt. A further key interaction is with health where the stress of debt and low income can contribute to mental health issues.

Food insecurity

Why is this important?

Many people in the UK struggle to have enough food. Food security is not only about being able to afford enough food but also being able to afford food that is nutritious – food that meets dietary needs and food preferences for an active and healthy life. The banner of food insecurity covers a wide range of circumstances where there is risk of, or lack of access to, sufficient, varied food. Apart from basic nutrition, food security is linked to economic stability and long-term health.

For children, severe food insecurity has been linked to chronic health conditions like asthma and depression. A diet lacking in calories, protein, vitamins and minerals will impede a child's physical, cognitive and emotional development. Adults in food-insecure households have higher rates of developing chronic diseases such as arthritis, asthma, diabetes and mental health issues, as well as lower life expectancy. For a pregnant woman, it can lead to higher risk of low birthweight, pre-term delivery and slow cognitive development for her baby.

What's the headline story in the latest data?

The Agriculture Bill 2019–20, reintroduced to Parliament in January 2020, contained a duty for the UK Government to report to Parliament on food security in the UK. As representative data on food insecurity was limited, a new set of food security questions was added to the Family Resources Survey (see box below). With the new duty to report on food security, there is now the opportunity to have a much clearer picture of household food security in the context of the wider challenges.

The first year of data available shows us that 2.9 million individuals in poverty in the UK have a low or very low food security status, meaning they are unable to access enough, varied, and/or nutritious quality food. That is 1 in 5 (20%) individuals living in poverty being food insecure. In comparison to these 20% of individuals in poverty being food insecure, only 4% of individuals not in poverty have a low or very low food security status, highlighting the strong relationship between food insecurity and poverty. The data also shows us that 43% of households in receipt of Universal Credit are food insecure.

Food security questions in the Family Resources Survey

The respondent is read three statements, and asked if the statement was 'Often true', 'Sometimes true' or 'Never true' for the last 30 days.

1. [I or we] worried whether our food would run out before [I or we] got money to buy more.
2. The food that [I or we] bought just didn't last, and [I or we] didn't have money to get more.
3. [I or we] couldn't afford to eat balanced meals.

Unless all three questions are answered as being 'Never true' the respondent is then asked the following questions.

4. Did you (or other adults in your household) skip or cut meals because there wasn't enough money for food? How many days did this happen?
5. Did you (or other adults in your household) ever eat less than you felt you should because there wasn't enough money for food?
6. Were you (or other adults in your household) ever hungry but didn't eat because there wasn't enough money for food?
7. Did you (or other adults in your household) lose weight because there wasn't enough money for food?
8. Did you (or other adults in your household) ever not eat for a whole day because there wasn't enough money for food? How many days did this happen?

NOTE: the questions **do not** refer to food bank use by respondent (this will be included in the 2020/21 survey).

From the questions, a ten-point household score is generated. One point is scored for each 'positive' answer, that is, answers of 'Often true', 'Sometimes true', 'Yes', (with an additional point if '3 days or more' is selected for the second part of questions 4 and 8).

High food security (score = 0): the household has no problem, or anxiety about, consistently accessing adequate food.

Marginal food security (score = 1 or 2): the household had problems at times, or anxiety about, accessing adequate food, but the quality, variety, and quantity of their food intake were not substantially reduced.

Low food security (score = 3 to 5): the household reduced the quality, variety, and desirability of their diets, but the quantity of food intake and normal eating patterns were not substantially disrupted.

Very low food security (score = 6 to 10): at times during the last 30 days, eating patterns of one or more household members were disrupted and food intake reduced because the household lacked money and other resources for food.

Food secure is those households with a high or marginal food security status.

Food insecure are those households with a low or very low food security.

The food security status of households in poverty

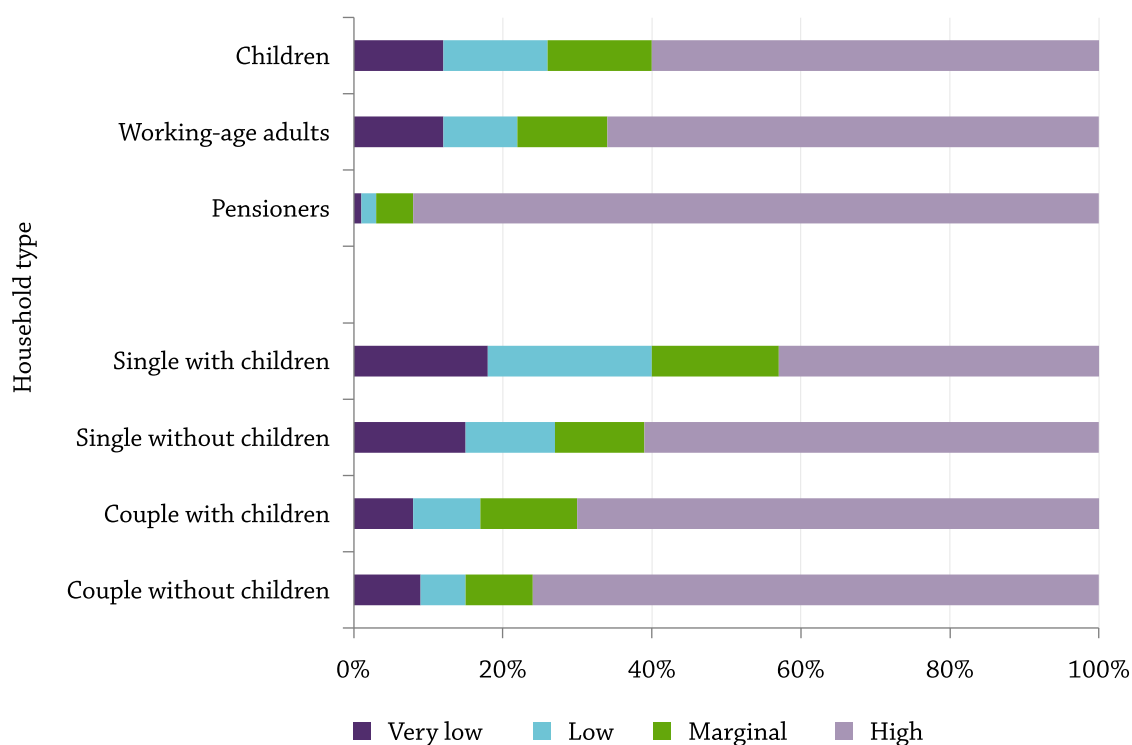
Household food security status	(%)	After housing costs (AHC) (millions)
High	68	9.7
Marginal	12	1.7
Low	10	1.5
Very low	10	1.4
Food secure	80	11.3
Food insecure	20	2.9
All individuals	100	14.2

Source: HBAI

Children in poverty are the most likely to be suffering from food insecurity. Around 26% of children in poverty live in a household with low or very low food security, compared with 22% of working-age adults. Of all the people in poverty pensioners are the least likely to be food insecure. Only 3% of pensioners in poverty were suffering from food insecurity in 2019/20.

When we look at the data by family type, families consisting of single adults with children in poverty are the most likely to be suffering from food insecurity (40%). Of all the family types they are also the most likely to report marginal food security. Single adults without children are the second most common family type to have a low or very low food security.

Household food security status for those in poverty



Source: JRF analysis of 2019/20 HBAI data

Shared households are excluded from household food security tables

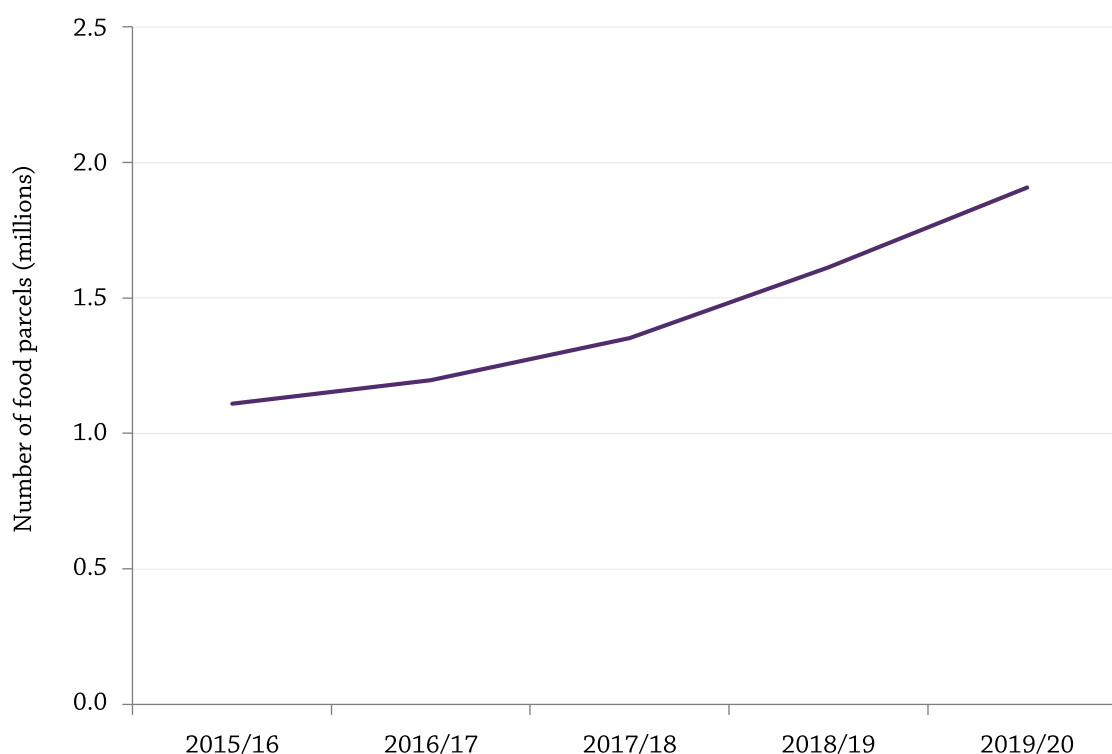
Understanding Society data (Bramley et al, 2021) collected during the pandemic in mid-2020 showed that as well as lone-parent families being most at risk of food insecurity and pensioners being most protected, having a low income, being young, being unemployed, living alone, living in social housing, having ‘poor’ self-reported health, and identifying as an ethnic minority were significant predictors of food insecurity (controlling for other factors). Food bank referral statistics from the Trussell Trust also tell us that 6 in 10 (62%) of working-age people referred to a food bank in early 2020 had a disability (as defined by the Equality Act 2010), more than three times more than the general population where 19% of working-age adults had a disability in 2017 to 2019 (Bramley et al, 2021).

How has this changed over time?

As this is the first year data is available in the FRS it is difficult to make comparisons about food insecurity over time. The FRS household food security questions cover the 30 days before the annual interview, not the previous 12 months, unlike other research. This means that caution may be needed when making direct comparisons between the above data and other studies on this subject. The proportion of people who experienced food insecurity in the last 30 days will be much lower than the proportion who experience food insecurity in a 12-month period. As the FRS data accumulates each year, vulnerability in the population can be monitored over time. These data will also open new possibilities for testing the impacts of policy changes on food insecurity.

In the meantime, food bank statistics can be used to assess change in the number of people unable to access enough food. Over time, there has been a rapid growth in the number of charitable food banks and the quantity of emergency food parcels they distribute. Food bank use is driven by economic need – that is, not having enough money to buy food once essential bills have been paid. The Trussell Trust’s network of food banks distributed 1.1 million emergency food parcels in 2015/16, rising to 1.9 million in 2019/20.

Food parcels in the Trussell Trust network



Source: Trussell Trust referral data

This phenomenal growth has captured public attention, and there has been considerable debate about whether this is due to economic change, the increase in supply of food banks, or problems within the social security system (Bramley et al, 2021). What we know is that the number of households experiencing destitution, the most severe form of poverty, at any point during the year increased by 35% between 2017 and 2019 in the UK so the need for food banks has certainly grown (see Depth and Duration of poverty, page 20).

What are the future prospects?

The key factor in all of this is that unless people receive sufficient income they will continue to struggle to have access to good quality and quantity of food.

Recently, the Covid-19 pandemic has threatened the food security of millions of people even further. Reduced incomes, increased unemployment and higher food prices have greatly reduced access to food for those affected.

There are actually key design features of the social security system that directly lead to higher food insecurity and have contributed to the rise in food bank use. Having to wait five weeks for the first Universal Credit (UC) payment, low Local Housing Allowance (LHA) rates and LHA caps relative to housing costs, the 'bedroom tax', and the structure and process of the Personal Independence Payment (PIP) assessment are all factors (Bramley et al, 2021).

Now the £20 uplift has been withdrawn, many more people will be struggling to buy food for their families, especially if they live in workless households. As the economic fallout following Covid-19 takes time to resolve and people's resources continue to be eroded by the high cost of living, greater numbers are likely to be food insecure and end up needing to use food banks to survive.

How does this section interact with other sections?

Food security and insecurity is linked to many other areas. It is closely linked to poverty, the quality and quantity of secure jobs and to the cost of living – higher food prices have greatly reduced access to food for the people who are struggling the most. People who are already more likely to have poorer physical and mental health due to the nature of being in poverty have their health problems exacerbated by an inadequate diet. Food insecurity is also linked to cognitive ability making it harder, for example, for children to concentrate at school – leading to poorer educational attainment.

Health and poverty

Why is this important?

The relationship between health¹⁴ and income is long established. Better health generally improves your quality of life; it allows improved employment opportunities and reduces the extra costs ill-health can bring. Living in poverty means extra stresses on day-to-day decisions and can lock people out of health-promoting services or assets such as better housing.

What's the headline story in the latest data?

Children born into the most deprived areas of our country can expect to live for fewer years in good health than children born into the least deprived neighbourhoods. As well as this difference in years, those born into the most deprived neighbourhoods will also spend a larger proportion of their lives living in poor health.

In the UK, a child born today, either male or female, can expect to live in good health for 63 years. Overall life expectancy is higher for females (83 years) than males (75 years), meaning males can expect to live in good health for 84% of their lives, and females 76%.

In England, females born in the most deprived areas will live in good health for 51 years. This is 20 years less than females born into the least deprived areas, who would expect to live 71 years in good health.

In Scotland, males born into the most deprived areas can expect to live in good health for 47 years, which is 25 years less than males born into the least deprived areas, who would expect to live for 72 years in good health. Females born into the most deprived areas can expect to spend over a third of their life in poor health; for those in the least deprived neighbourhoods this is one fifth or below.

Children born into poorer areas will live for fewer years in good health and spend a greater proportion of their lives in poor health

	Years of living in good health			% of life expected to live in good health		
	Overall	Most deprived decile	Least deprived decile	Overall	Most deprived decile	Least deprived decile
Females						
England	63.5	51.4	71.1	76	65	82
Wales	62.1	50.2	68.4	75	64	80
Northern Ireland*	61.0	51.7	67.1	74	65	79
Scotland	61.9	50.1	71.6	76	66	84
Males						
England	63.2	52.3	70.7	79	71	82
Wales	61.2	51.8	68.6	78	71	80
Northern Ireland*	59.2	51.6	65.1	75	69	79
Scotland	61.7	47.0	72.1	80	68	84

Source: ONS, National Records Scotland, Northern Ireland Statistics and Research Agency

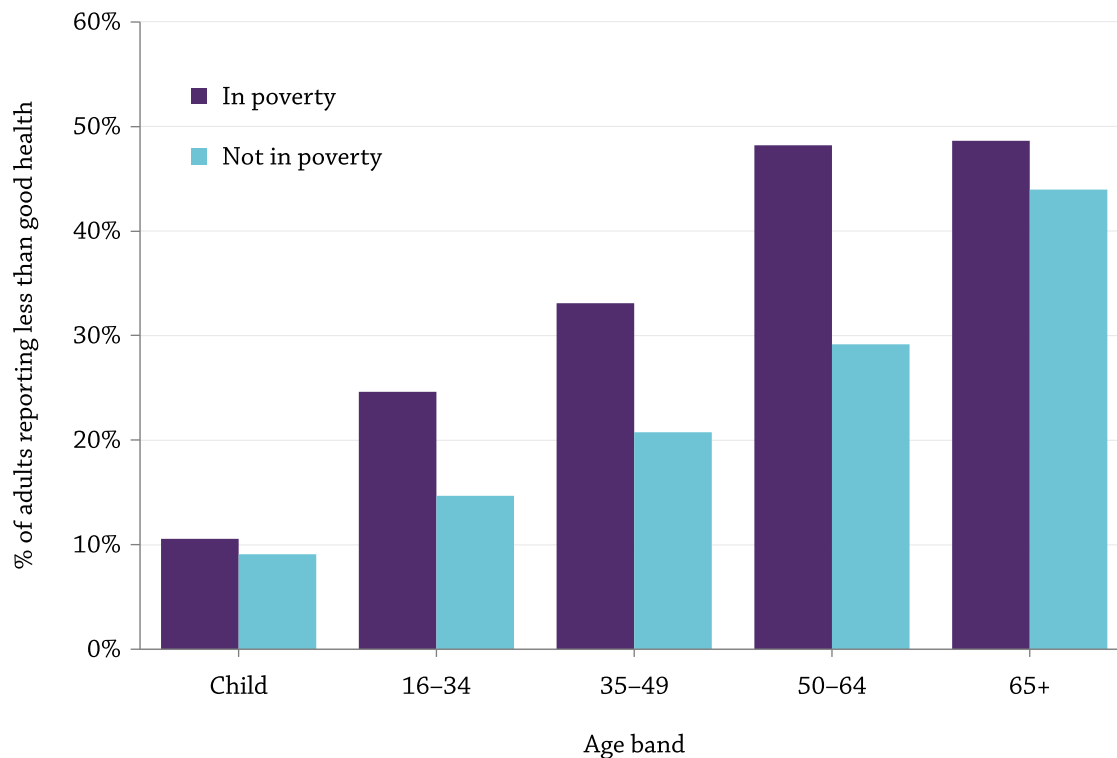
Note: Poorest and richest deciles based on the country's index of multiple deprivation

* For Northern Ireland these figures are deprivation quintiles

Generally health deteriorates with age. It is therefore no surprise that older adults are more likely to report living in less than good health. However, people living in poverty are more likely to report living in less than good health than those not living in poverty.

One in 4 (25%) of 16 to 34-year-olds living in poverty reported living in less than good health, compared with 15% of those not living in poverty, while 2 in 5 (48%) of 50 to 64-year-olds living in poverty don't live in good health, much higher than for those who do not live in poverty (29%). The gap is smallest for the older age group, which may in part reflect the longer life expectancy of higher income households, who may nevertheless have health issues towards the end of their life.

Working-age adults in poverty are more likely to report being in less than good health

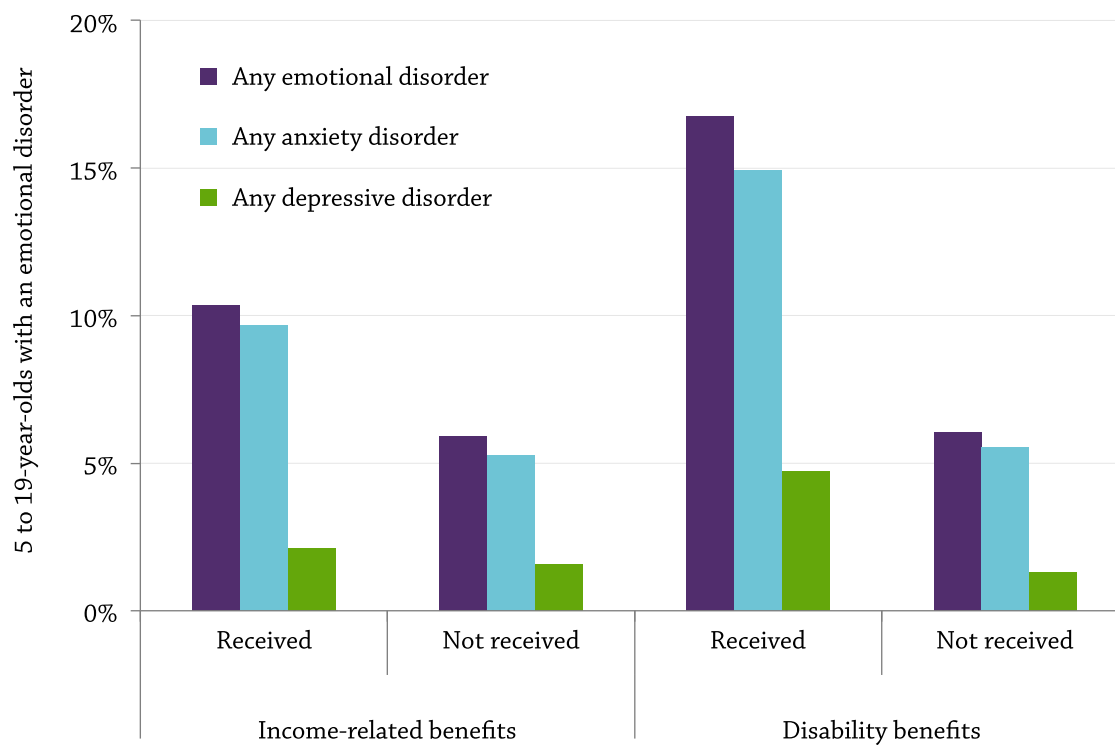


Source: JRF analysis of HBAI and FRS

Child refers to all dependent children. This will include children aged 16 to 19

Children living in low-income families have an increased risk of poor mental health. An NHS England survey on child mental health from 2017 found that prevalence of emotional disorders such as anxiety and depression is almost twice as high in children living in households in receipt of income-related benefits. It is almost three times as high for children living in households in receipt of a disability-related benefit.

Percentage of 5 to 19-year-olds with emotional disorders by parental receipt of low-income benefits or disability-related benefits, 2017, England

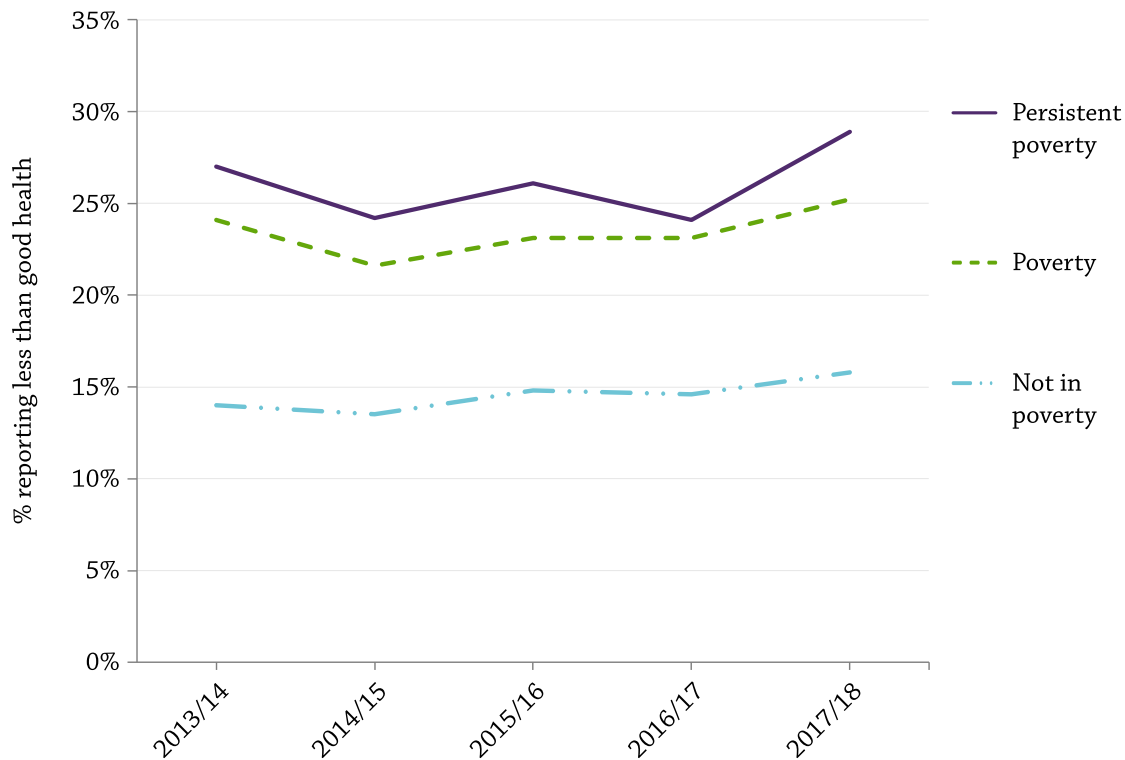


Source: Mental Health of Children and Young People in England, 2017. NHS Digital¹⁵

How has this changed over time?

Unfortunately ill-health has always contributed to poverty and recent data suggests that the health gap between those in and not in poverty is not closing. Unsurprisingly those in persistent poverty are even more likely to have poor health.

Rates of ill-health are higher for individuals in poverty and especially persistent poverty compared with individuals who are not in poverty



Source: Health Foundation analysis of Understanding Society, 2017 to 2018

Persistent poverty is defined as being in poverty in three of the last four years

What are the future prospects?

Poverty causes ill health, and therefore reducing levels of poverty would have a positive impact on health outcomes. Research (Lai et al, 2019) shows us that any exposure to poverty in childhood is associated with worse health outcomes in adolescence and into adulthood, and for children in persistent poverty the potential impacts are greater. This is set against trends outlined in this report showing that levels of poverty have not improved in recent years, and have worsened for children and pensioners.

How does this section interact with other sections?

The most obvious link is with people with a disability, but health could be considered to have a relationship with all other areas of this report. Those struggling with poor health face loss of earnings through employment and indeed may be unable to work, leading them to interact with the benefit system. As well as impacts on wellbeing, those in poor health may also have increased living costs and children suffering with poor health will see an impact on their education.

Education and poverty

Why is this important?

School helps us learn the essential skills we need to interact with the world around us, for example to pay bills or to read a bus timetable, as well as to get qualifications that can help us get jobs and progress in them.

Higher qualification levels and skills are associated with higher earnings and better employment prospects, reducing the risk of poverty for more highly qualified individuals and their children. Parental educational achievement is among the most important factors influencing children's educational outcomes. Attainment gaps between the most and least advantaged children are found from early years (CLS, 2017) through to graduate outcomes across the UK (Office for Students, 2020).

Education is a devolved power, and this means that education varies across the four countries in the UK and so systems are not directly comparable. In most cases, schools and governments do not collect information on the incomes of parents, so we need to use other information that is available to identify when children might be growing up in a household in poverty or low/lower incomes. In this section, we mainly use free school meals (FSM) data. Students are eligible for free school meals if their parents receive social security support for low incomes. At some points, we use parent occupational status if there is no income data available, as lower occupational status is associated with lower incomes so can be used as an alternative measure.

What's the headline story in the latest data?

We know that people with higher qualifications are less at risk of being trapped in poverty. Just over 1 in 10 working-age adults with an undergraduate degree or above are living in poverty compared with more than 4 in 10 working-age adults with no qualifications.

In 2019, the gross weekly pay for working adults aged 16 to 64 with no qualifications (or who did not know what their qualifications were) was £327 a week. This increases to £462 a week for someone with a qualification below degree level; for someone with a higher degree it is £731 a week.

Even at a young age there is a gap in educational attainment for young people by parental income level, and this continues throughout the different stages of a child's education. The Centre for Longitudinal Studies follows children over their life and found that, in the UK, children born in 2000 had lower attainment in cognitive tests in the early years if their parents had lower incomes. The gap in vocabulary development between children in the richest and poorest families (top and bottom 20% of incomes) was, on average, 10 months at age 3 and 15 months at age 5 (CLS, 2017).

In their last year of primary school in Scotland there is around an 18 percentage point gap between children from the most and least deprived neighbourhoods (based on the Scottish Index of Multiple Deprivation) in the proportion reaching the expected level in a range of skills, including reading, writing and numeracy. At the same stage, aged 11, there is a 21 percentage point gap in the proportion of children reaching expected levels at Key Stage 2 (KS2) in England and a 16 percentage point gap in Wales. There is no primary school data currently available for Northern Ireland.

Attainment in England

		FSM (%)	Non-FSM (%)	Attainment gap
Aged 11	Proportion of pupils reaching expected standards at KS2	47	68	21 percentage points
Aged 16	Achieving 5 GCSEs at level 9–4 including maths and English	41	69	27 percentage points

Attainment in Northern Ireland

		FSM (%)	All pupils (including FSM) (%)	Minimum attainment gap
Aged 16	Achieving 5 or more GCSEs or equivalent at Grades A*– C including GCSE English and GCSE maths	54	79	25 percentage points

Note: Primary attainment by FSM is not regularly published in Northern Ireland. Outcomes for children not receiving FSM are not published therefore the attainment gap presented here is the attainment gap between all pupils and those receiving FSM. The gap between those receiving FSM and those not receiving FSM is likely to be larger

Attainment in Scotland

		Most deprived 20% of areas (%)	Least deprived 20% of areas (%)	Attainment gap
Aged 11	Percentage of primary 7 achieving reading	72	89	17 percentage points
	Percentage of primary 7 achieving writing	65	85	20 percentage points
	Percentage of primary 7 achieving listening and talking	79	93	14 percentage points
	Percentage of primary 7 achieving numeracy	67	87	19 percentage points
Aged 16	1 or more at SCQF at level 5	74	95	20 percentage points

Attainment in Wales

		FSM (%)	Non-FSM (%)	Attainment gap
Aged 11	Proportion of pupils reaching expected standards at KS2	75	91	16 percentage points
Aged 16	Achieving A–C pass in 5 GCSEs including English/ Welsh 1st language or literature and mathematics	28	61	32 percentage points

Note: Figures may not sum due to rounding

Proportion of higher education first degree undergraduate enrolments by highest parental occupational status in the UK 2019/20

	(%)
Higher managerial and professional occupations	24
Lower managerial and professional occupations	25
Intermediate occupations	15
Small employers and own account workers	8
Lower supervisory and technical occupations	5
Semi-routine occupations	14
Routine occupations	9
Long-term unemployed or never worked	<0.5

Source: Higher Education Statistics Agency

Attainment gaps persist across primary and secondary education, and at the secondary school level attainment gaps are wider across all four nations. In Wales there is a gap of around 30 percentage points between children on FSM and those not on FSM in attaining five passes at GCSE level including maths and English or Welsh (these are different exams and measures between countries). In England, just 4 in 10 children who receive FSM get a pass at five GCSEs including both English and maths. In Scotland the gap between children in the most and least deprived neighbourhoods seems smaller but the number of qualifications being assessed is lower at just one qualification at Level 5.

In the UK, just under half of entries into first undergraduate degrees have parents who are in professional or managerial occupations (49%). Around 1 in 5 entrants to higher education from the UK have a parent working in a routine or semi-routine occupation. Less than 1% of young people starting a degree in 2019/20 have a parent who is long-term unemployed or never worked (this could be due to a range of reasons including disability and caring responsibilities).

How has this changed over time?

As each of the UK's education systems are distinct and have made changes to their structure, examinations and measurements of success it is difficult to track changes over time. However, we can be certain that there has consistently been a gap between the least and most disadvantaged children, that this is not new and will not close in the near future with current rates of progress as well as the impact of the pandemic.

In Scotland, at Level 5, the gap between young people in the most and least deprived neighbourhoods achieving one pass reduced between 2009/10 and 2016/17 by increasing the attainment of children from deprived neighbourhoods. However, the attainment gap has remained stable since then.

In Northern Ireland since 2005/06 attainment at GCSE level for young people on FSM has improved in line with those not on FSM, however this means that the attainment gap has remained relatively constant (NIAO, 2021). The primary attainment gap in Wales has seen some improvement with narrowing in recent years.

What are the future prospects?

Research shows that the impact of the Covid-19 pandemic has widened the attainment gap between the most and least disadvantaged pupils in the UK (Department for Education, 2021; Scottish Government, 2021). This is due to a range of factors including the digital divide, home learning environments and potentially deepening poverty during the pandemic.

In England, disadvantaged pupils (children who had received FSM in the last six years) lost nearly two months progress in reading (at primary and secondary level), around half a month more than non-disadvantaged children (Department for Education, 2021). Primary children from a disadvantaged background also lost, on average, 4.5 months of mathematics, 1.2 months more than non-disadvantaged children (Department for Education, 2021). In Scotland, initial results at the beginning of the pandemic showed attainment gaps remained constant (gap of 20.8 percentage points at National 5).

How does this section interact with other sections?

The main link is with employment outcomes, where low qualifications are a key driver of low pay.

Neighbourhood and poverty

Why is this important?

It is not the case that all poor people live in poor neighbourhoods, however it is the case that the rate of poverty in deprived areas (as defined using the national Indices of Multiple Deprivation) are much higher than in non-deprived areas. Areas with high rates of low income fare a lot worse on a range of the other domains of multiple deprivation.

What's the headline story in the latest data?

Each country has its own measure of multiple deprivation, combining a wide range of data for small areas to form an indicator of deprivation. While the overall headline indices of multiple deprivation are most commonly used, in this section we look at how areas with high levels of low income deprivation fare on the other deprivation 'domains' or building blocks to the index. This shows that across the United Kingdom, areas with high rates of low income are also more likely to be in areas affected by many of the other forms of deprivation in the index including employment, crime, health and education.

Different basis of Indices of Multiple Deprivation across the nations of the United Kingdom

England

The Index of Multiple Deprivation (2019) for England¹⁶ has seven domains.

- **Income:** measures the proportion of the population experiencing deprivation relating to low income, measured by the proportion of the population in receipt of in- and out-of-work benefits who have a low income.
- **Employment:** measures the proportion of the working-age population in an area involuntarily excluded from the labour market. This includes people who would like to work but who are unable to do so due to unemployment, sickness or disability, or caring responsibilities.
- **Education:** measures the lack of attainment and skills in the local population.
- **Health:** measures the risk of premature death and the impairment of quality of life through poor physical or mental health.
- **Crime:** measures the risk of personal and material victimisation at local level.
- **Barriers to housing and services:** measures the physical and financial accessibility of housing and local services.
- **Living environment:** measures the quality of both the 'indoor' and 'outdoor' local environment.

Scotland

The Scottish Index of Multiple Deprivation (2020)¹⁷ also has seven domains. The income, employment, crime and education domains are similar but not identical to England, but the housing domain solely looks at overcrowded households or households without central heating and the access domain is based on travel times to services, public/private transport and digital/broadband access.

Wales

The Welsh Index of Multiple Deprivation (2019)¹⁸ has eight domains. The income, employment, health and education domains are similar but not identical to England and Scotland, while the community safety domain is somewhat similar to the crime domain in the other countries. In Wales, the access to services domain is similar to the access domain in Scotland, while the housing domain is also similar to Scotland in focusing on overcrowding and poor quality housing. Finally, the physical environment domain looks at air quality, access to green space and flood risk.

Northern Ireland

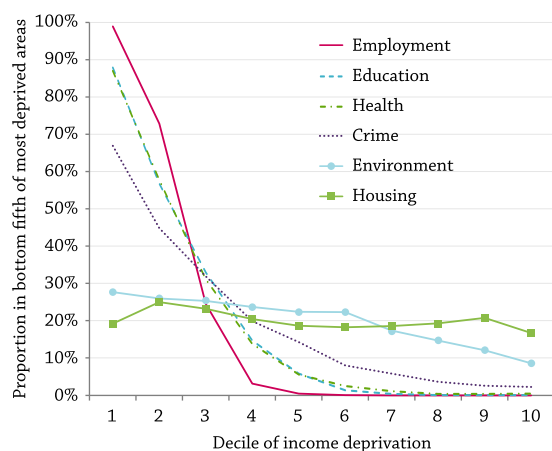
The Northern Ireland Multiple Deprivation Measure (2017)¹⁹ has seven domains. In the other countries of the UK, the income domain is based primarily on receipt of income-related benefits, while in Northern Ireland it is based on actual household incomes from an administrative dataset. The employment, health, crime and education domains are similar but not identical to England, Scotland and Wales (although refer to a slightly earlier period). In Northern Ireland, the access to services domain is similar to the access domain in Scotland and access to services domain in Wales, while the living environment domain is a combination of a housing measure and outdoor physical area measure.

The charts below show that areas with higher proportions of the population experiencing low-income deprivation are also areas with higher proportions experiencing employment, education, health or crime deprivation.

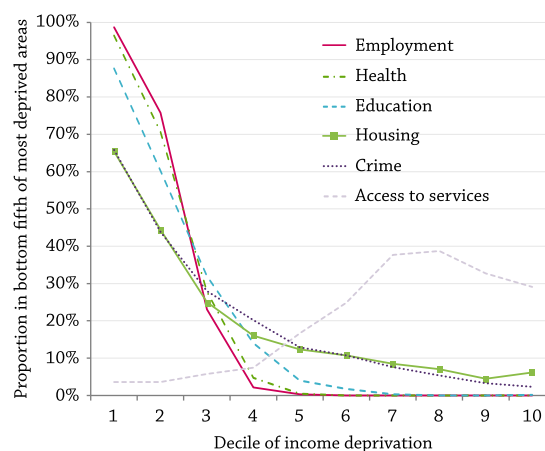
- In England, there is less of a gradient in the living environment and especially the housing domain. The housing domain here is very broad, based on indicators of distance to services, housing affordability, as well as overcrowding and homelessness, while the living environment includes housing conditions as well as air quality and traffic accident indicators.
- In Scotland, with the exception of the access domain, areas with higher proportions of the population experiencing low-income deprivation are also areas with higher proportions experiencing other forms of deprivation.
- In Wales, for four of the other domains (employment, education, health and community safety) there is a clear relationship between being in a low-income area and being in areas with worse other outcomes. Areas with worse housing and physical environment domain outcomes are more evenly spread across the income domain deciles, while access to services is worse in higher income areas, perhaps reflecting such areas being more likely to be rural, while areas of low income are more likely to be urban.
- In Northern Ireland, for five of the six domains (employment, lived environment, crime, education and health), there is a clear relationship between being in a low-income area and being in areas with worse other outcomes. Areas with worse access to services domain outcomes are more evenly spread across the income domain deciles, again reflecting that access to services can also be limited in richer rural areas.

Areas with higher proportions of the population experiencing low-income deprivation are also areas with higher proportions experiencing many other forms of deprivation

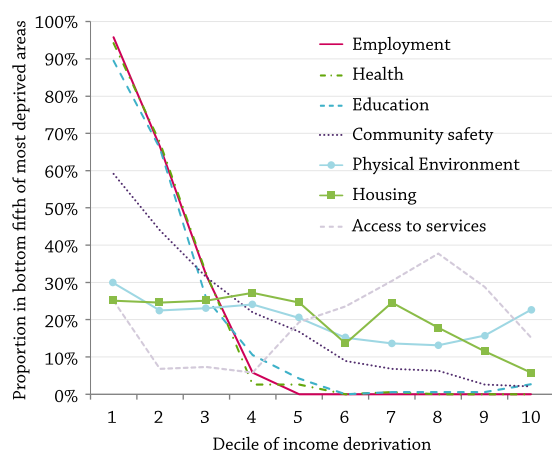
England



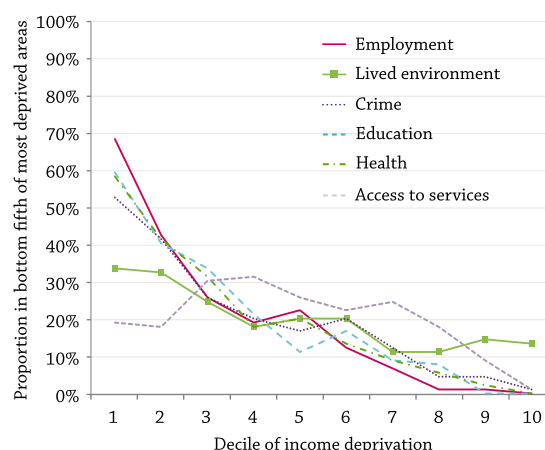
Scotland



Wales



Northern Ireland



Source: English indices of deprivation 2019, ONS, Scottish Index of Multiple Deprivation 2020, Scottish Government, Welsh Index of Multiple Deprivation, Welsh Government, Northern Ireland Multiple Deprivation Measure 2017, Northern Ireland Statistics and Research Agency

How has this changed over time?

Each country's Index of Multiple Deprivation is updated at different frequencies, but the strong correlations between income deprivation and other forms of individual deprivation remain fairly consistent over time. Here, we are comparing with indicators in 2010 to 2012, that is around a decade ago, or about eight years before the latest indices. For England, Scotland and Wales there was a further update between this time and the current dataset, but this was the last dataset for Northern Ireland before the 2017 update. The methodologies for each index changes over time but looking at the relationship between the income domain and other domains is still informative.

What are the future prospects?

The analysis of indices of multiple deprivation presented here are based on the rankings of areas rather than actual levels of deprivation, so an overall improvement of a situation across the country that results in the same order from highest levels of deprivation to lowest deprivation by area wouldn't show up in these statistics. Notwithstanding this, it is concerning (but not surprising) that areas with higher levels of income deprivation are also more likely to have higher levels of all other forms of deprivation, except access to services, and that there is little evidence of improvement since around 2010.

This is an area against which the success of the UK Government's levelling up strategy will be assessed, with JRF saying in its response to the Autumn Budget, 'Levelling up – creating greater prosperity in lagging parts of the economy – should provide people with a platform from which they can build a better life.' Making progress in improving the situation across the range of deprivation domains will be a measure of progress. Making sure support is directed towards deprived areas according to the index of multiple deprivation is important to drive this progress in those areas that need it most.

How does this section interact with other sections?

The main interaction here is with the geography section, with this another way of looking at the experience of poverty in small areas. There are also links with the work, education and health sections, which will pick up overall trends in these areas that might not be picked up in the multiple deprivation measure, which depends on changes in the ranking of areas.

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Annexes

Annex 1: Poverty definitions

Being in poverty is when your resources are well below what is enough to meet your minimum needs, including taking part in society. There are a range of ways of measuring this. Headline measures include:

- Relative poverty after housing costs (AHC), that is where someone's household income is below 60% of the middle household's income, adjusted for family size and composition. This looks at whether the incomes of poorer households are catching up with average incomes.
- The Social Metrics Commission's core measure of poverty, which is low material resources compared with inescapable costs including housing costs. This looks beyond income at all material resources, assesses extra costs, including those due to disability and childcare, and includes people sleeping rough. It also uses a smoothed poverty line to avoid potentially misleading year-on-year changes.
- Absolute poverty AHC is where someone's household income is below a fixed line based on an inflation-adjusted 2010/11 poverty line (set at 60% of median AHC income in 2010/11). This looks at whether the incomes of poorer households are increasing faster than inflation.

In this report, when we use the term poverty we are using the relative poverty rate AHC to measure poverty unless otherwise stated. As can be seen in JRF's UK Poverty 2020/21 report (JRF, 2021), analysis shows that all measures agree on some of the key groups who have higher rates of poverty, including children, people in families not containing full-time workers, people in lone-parent families, people in families containing a disabled person, people in families with three or more children, people in rented accommodation, and people in households headed by someone of non-white ethnicity (particularly those of Pakistani, Bangladeshi or Black ethnicity).

The relative poverty After Housing Costs thresholds and median household incomes for various family types are given in the table below.

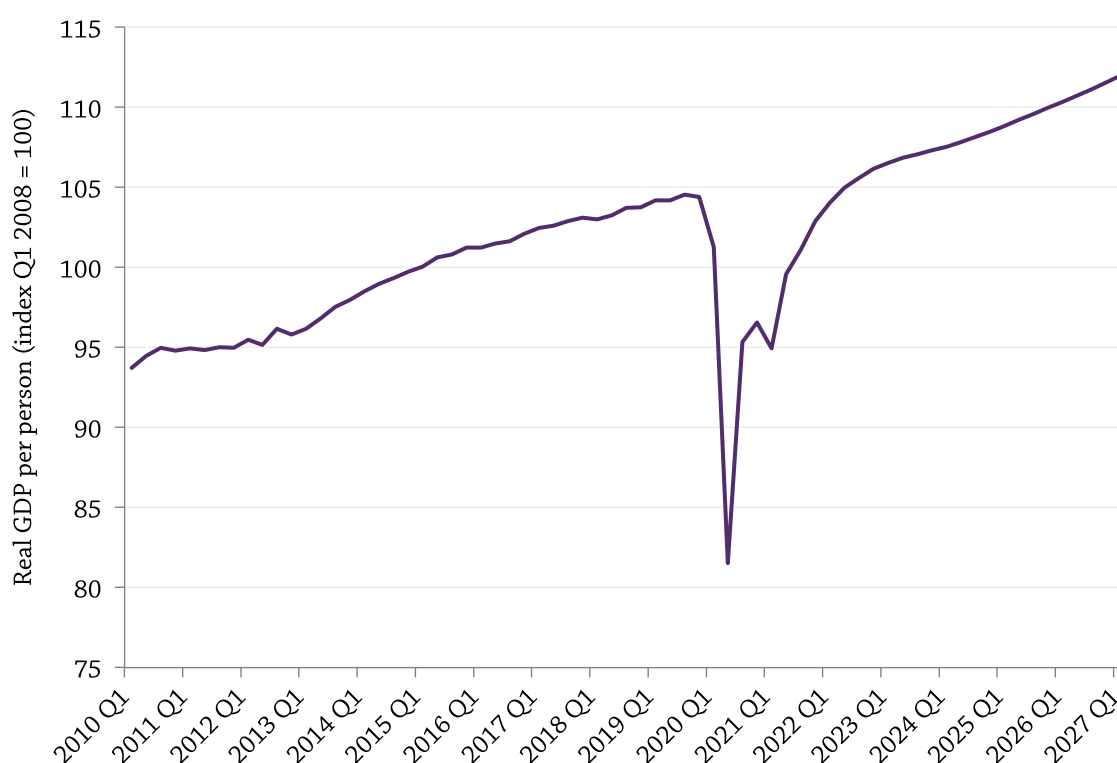
Household type	Median income		Poverty threshold		Deep poverty threshold		Very deep poverty threshold	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
Lone parent with two children, one 14 and over and one under 14	£571	£29,800	£343	£17,900	£285	£14,900	£228	£11,900
Couple with two children, one 14 and over and one under 14	£771	£40,300	£462	£24,200	£385	£20,100	£308	£16,100
Adult, no children	£276	£14,400	£166	£8,700	£138	£7,200	£110	£5,800
Couple with no children	£476	£24,900	£285	£14,900	£238	£12,400	£190	£9,900

Annex 2: Macro economy

In looking at how poverty is changing, it is important to consider the performance of the wider macro economy. The health of the economy will have a bearing on lots of the factors affecting poverty levels. This includes tax revenues paying for public services and state support including social security, the performance of the labour market in terms of the number of jobs available, and how inflation is changing the cost of living. This annex draws on the Office for Budget Responsibility's latest Economic and Fiscal Outlook report²⁰. The impact of the current Omicron-based coronavirus wave on this report's findings is not yet clear.

While only giving a partial picture, how the UK's Gross Domestic Product (GDP) per head is changing is an important measure of the health of the economy. This shows a big coronavirus-related fall between the last quarter of 2019 and second quarter of 2020. There was a large recovery between the second and third quarter of 2020 as society reopened following the first lockdown, but then a broadly static picture to the first quarter of 2021 as some coronavirus-related measures needed to be put back into place. Since then, GDP per head has been rising and is forecast to rise above its pre-coronavirus level by the first quarter of 2022.

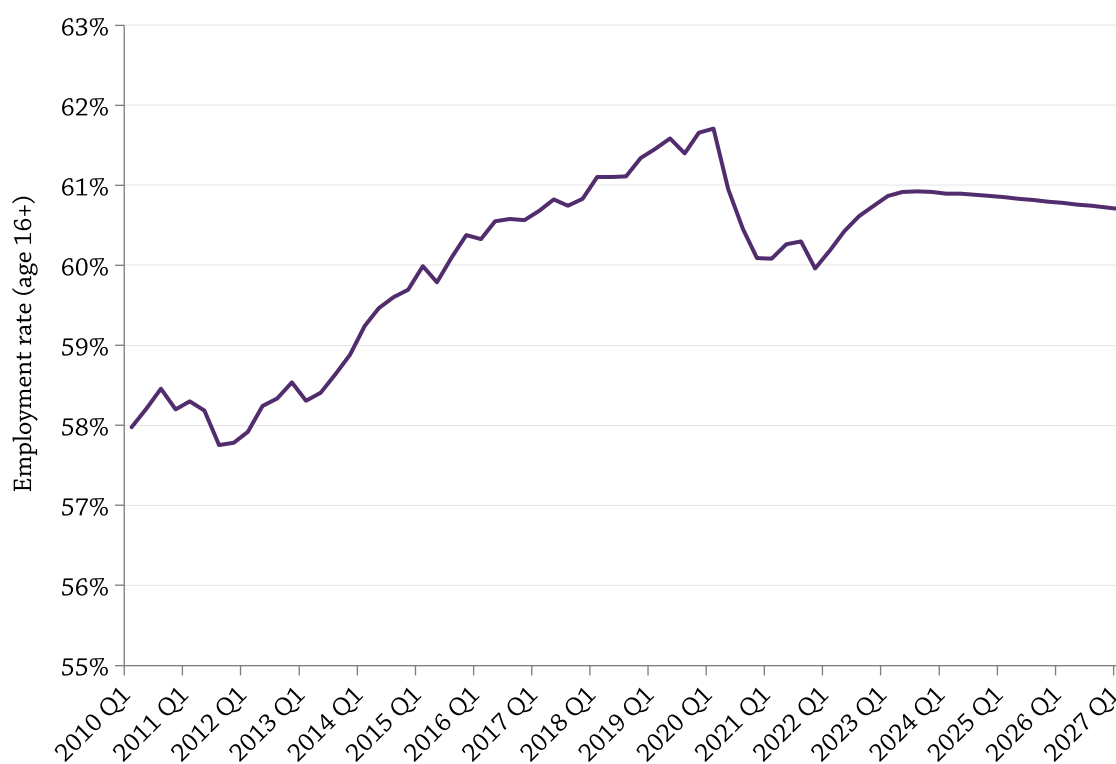
Real Gross Domestic Product per head fell during the pandemic but is forecast to recover over the coming years



Source: OBR: Economic and Fiscal Outlook October 2021

The coronavirus-related reduction in GDP has also reduced employment, with the proportion of the 16+ population in employment falling by almost 2 percentage points between the start and end of 2020 (equating to a decrease of 900,000 in employment). This improved somewhat until Q3 2021, with a small decrease forecast for Q4 2021, as the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme are withdrawn. There is then a recovery in employment forecast until the start of 2023 before employment settles at around a level seen in 2017 and 2018 (the slight reduction in later years is mainly due to the ageing population).

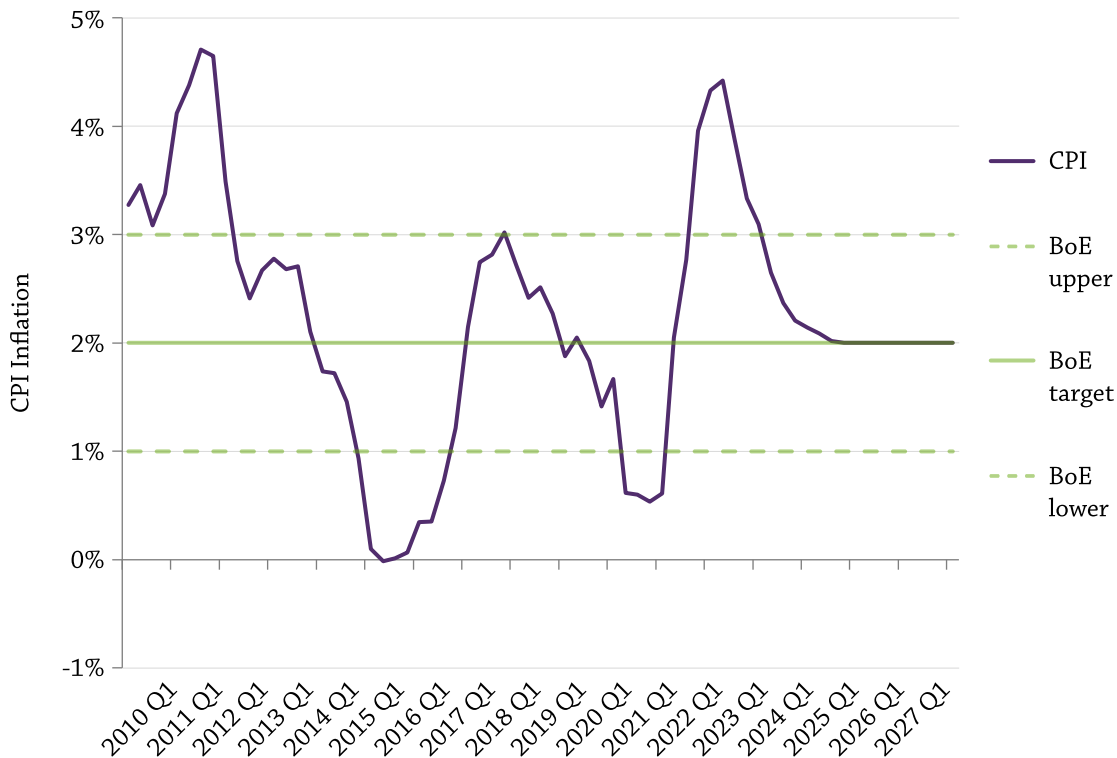
Employment fell during the coronavirus pandemic but is forecast to increase during 2022



Source: OBR: Economic and Fiscal Outlook October 2021

Inflation as measured by the Consumer Price Index (CPI) remained low through to the start of 2021 but has risen rapidly over the course of 2021 and is not forecast to peak until mid-2022 at a level that hasn't been seen for around a decade. The central forecast is that inflation then returns to the Bank of England's (BoE) 2% target by around the start of 2024, but in its October Economic and Fiscal Outlook report the Office for Budget Responsibility does say 'there is a significant risk that it may rise even higher and turn out to be more persistent.' Inflation in November 2021 at 5.1% was the highest rate seen for around a decade. It says the drivers of higher inflation include that price rises were unusually small at the start of the coronavirus pandemic as demand fell, but also that there have been increases in global commodity prices, especially in energy, as well as bottlenecks in global product markets in terms of key components and shipping capacity.

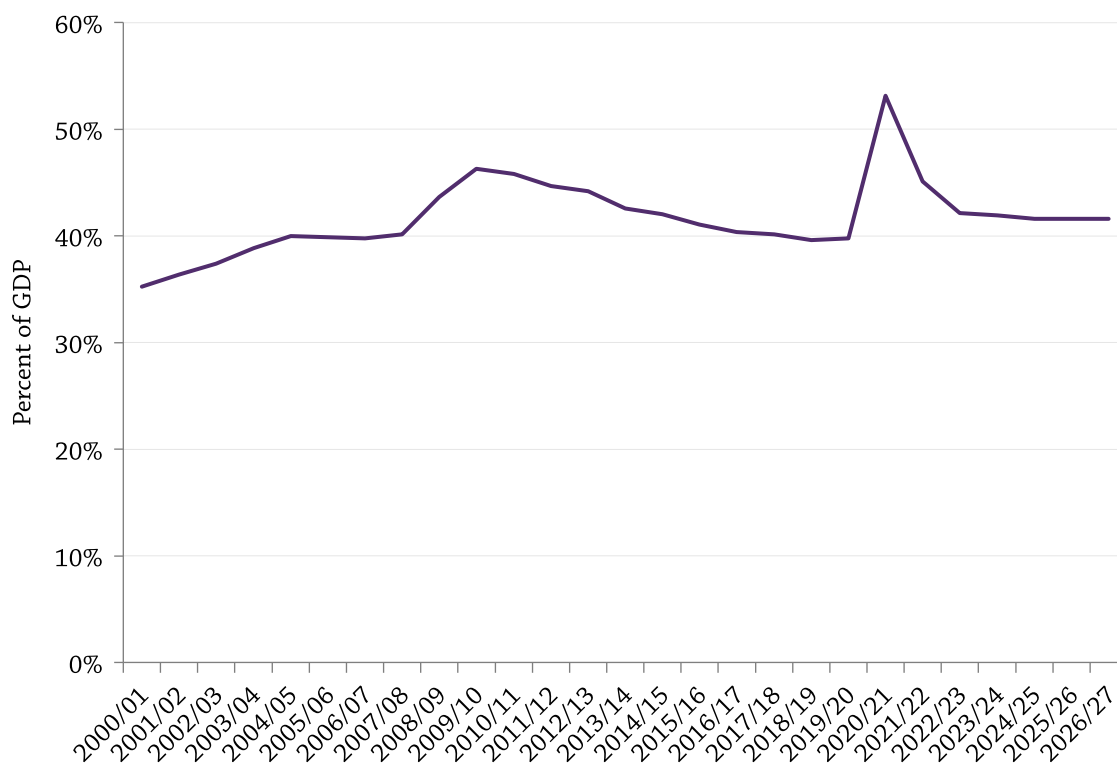
Inflation was low at the start of the pandemic, but is now rising to levels last seen a decade ago



Source: OBR: Economic and Fiscal Outlook October 2021

The pandemic massively increased public spending as a proportion of Gross Domestic Product (GDP) to over half, the highest level since the Second World War. This was due to both increased pandemic-related public spending and falling GDP over the period. As GDP recovers and the pandemic-related spending decreases, the proportion is forecast to settle around 41.5% of GDP, which is higher than the level of around 40%, before the financial crisis of 2007–2008 with much of the increase due to age-related spending on health, care and state pensions.

Public spending as a proportion of GDP increased during the pandemic but is now falling, and is expected to settle above the pre-pandemic level



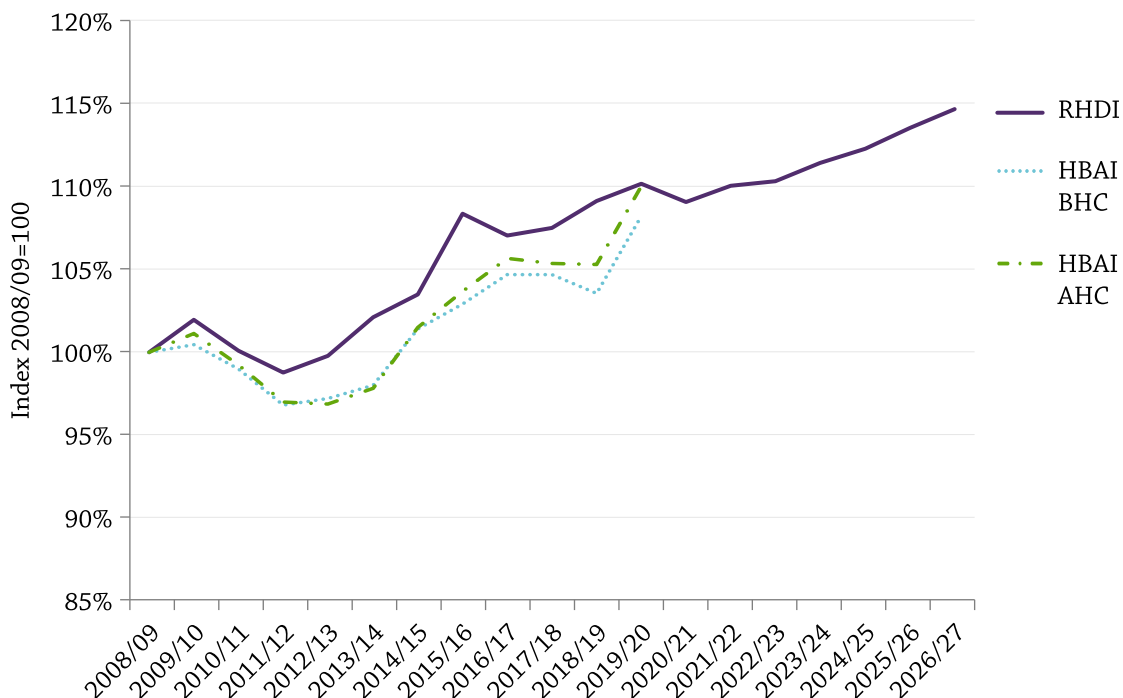
Source: OBR: Economic and Fiscal Outlook October 2021

Annex 3: Average incomes and inequality

A good measure of changes in overall living standards is how average incomes have moved over time. Incomes tend to grow over time as the Gross Domestic Product of a country increases. Looking at how average incomes change also helps to understand changes in poverty, as the measure we use in this report is based on a threshold of 60% of median equivalised household income after housing costs has been deducted, so the poverty line increases when average incomes does.

The chart below shows how average incomes have changed since 2008/09 according to three measures: equivalised median income after housing costs have been deducted (on which we base the threshold used for our poverty statistics), equivalised median income before housing costs and real household disposable income (RHDI) per head, which is a national accounts derived dataset which includes the money households have to spend on consumption, or to save and invest, after taxes, National Insurance, pension contributions and interest have been paid. It also includes non-profit institutions serving households, including charities, trade unions and religious organisations, so changes in the series may not be solely due to changes in household incomes, but it is a useful indicator of future household income prospects²¹.

Real household disposable income fell in 2020/21 and is not expected to reach its 2018/19 level until around 2022/23

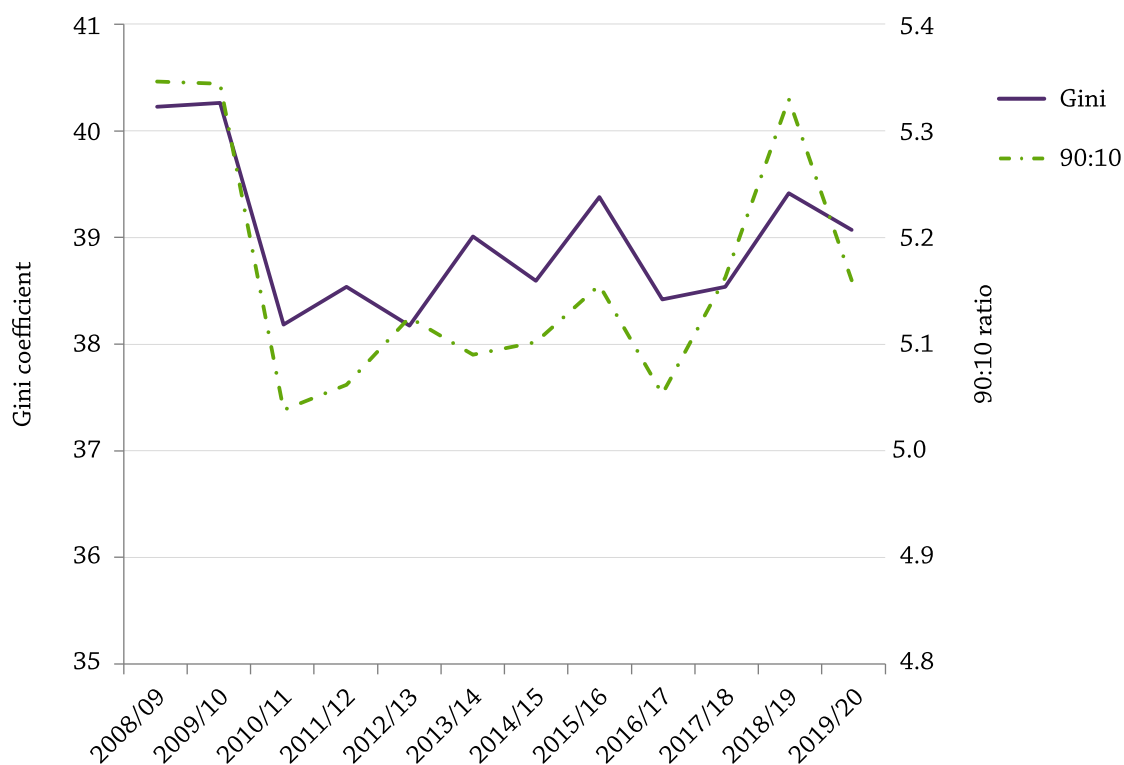


Source: Households Below Average Income, 2019/20, DWP

The households below average income (HBAI) based income measures follow a similar pattern to the national accounts RHDI index, with a fall in average incomes between 2009/10 and 2011/12 following the financial crisis, before a period of broadly growing incomes to 2018/19. It is likely that the effects of the pandemic will have stopped this growth, with the RHDI series showing a fall in 2020/21 and a forecast that it is not expected to reach its 2018/19 level again until around 2022/23.

Two of the most commonly used measures of income inequality are the Gini Coefficient and the 90:10 ratio. The Gini Coefficient shows how incomes are distributed across all individuals. It ranges from zero (when everybody has identical incomes) to 100% (when all income goes to only one person). The 90:10 ratio is the average (median) income of the top 20% (quintile five) divided by the average income of the bottom 20% (quintile one). The chart below shows that income inequality fell following the financial crisis but shows a very slightly increasing trend since then.

Income inequality fell following the financial crisis but shows a very slightly increasing trend since then



Source: Households Below Average Income

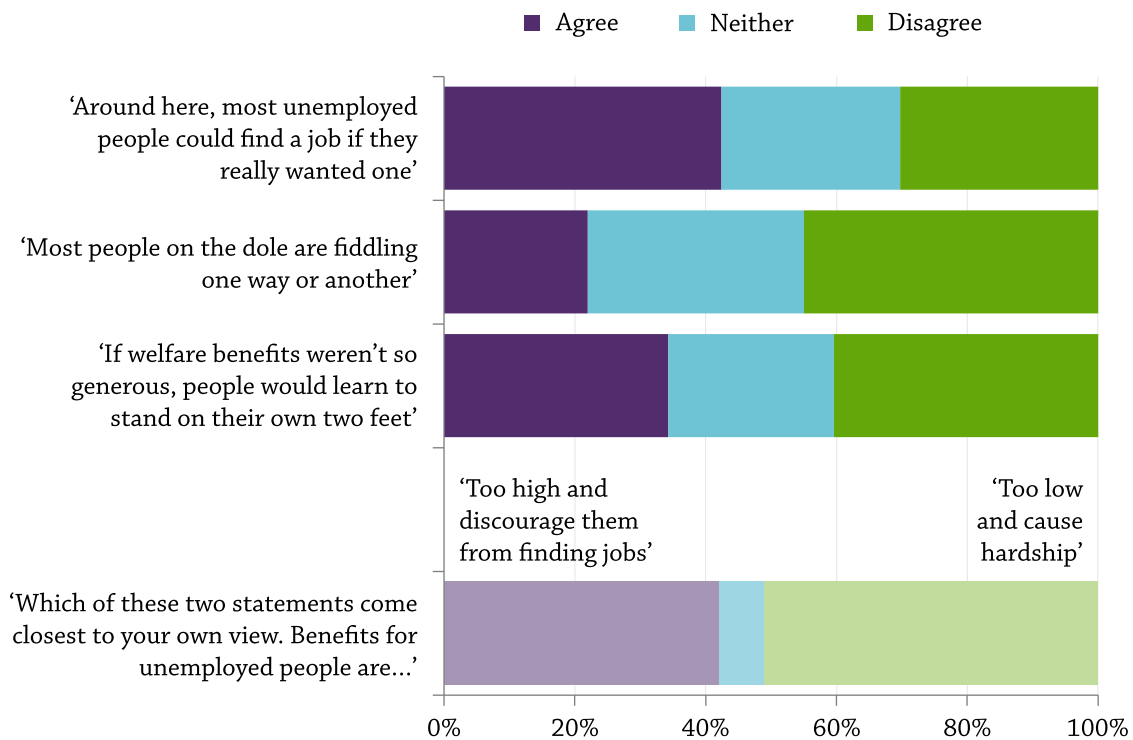
Annex 4: Public attitudes to poverty

A government should provide an adequate social security safety net and support for those out-of-work regardless of public attitudes. However, the fact that the latest data indicate that generally a larger proportion of people are more supportive of the UK Government helping those in need rather than weakening the safety net provides an additional case for strengthening support available to those out-of-work and claiming social security.

According to polling by Britain Thinks for JRF conducted in May 2020, the public are more likely to see tackling poverty as a political priority now than in 2018, with almost a quarter of people choosing tackling poverty as one of their top three priorities out of a list of twelve key political priorities, whereas in 2018 this stood at less than 1 in 5. The public are slightly less likely to see individuals themselves as having the greatest responsibility for tackling poverty than in 2018. A fifth (20%) of respondents said it was the individual themselves who had the greatest responsibility for tackling poverty, compared with 63% of people who thought the UK Government had the biggest responsibility.

The British Social Attitudes Survey looks at public attitudes towards, among other things, social security and unemployment. The latest results from the survey conducted in 2020 during the pandemic found that on three of the four relevant questions asked, a slightly larger proportion gave responses that were more sympathetic towards those receiving social security, however substantial minorities reported negative attitudes. Almost half of respondents (45%) disagreed with the statement that ‘most people on the dole are fiddling one way or another’, half (51%) felt that benefits for unemployed people were too low and caused hardship and 4 in 10 (40%) disagreed with the statement that ‘if welfare benefits weren’t so generous, people would learn to stand on their own two feet’. However, a slightly higher proportion (42%) agreed that ‘around here, most unemployed people could find a job if they really wanted one’ than disagreed (30%).

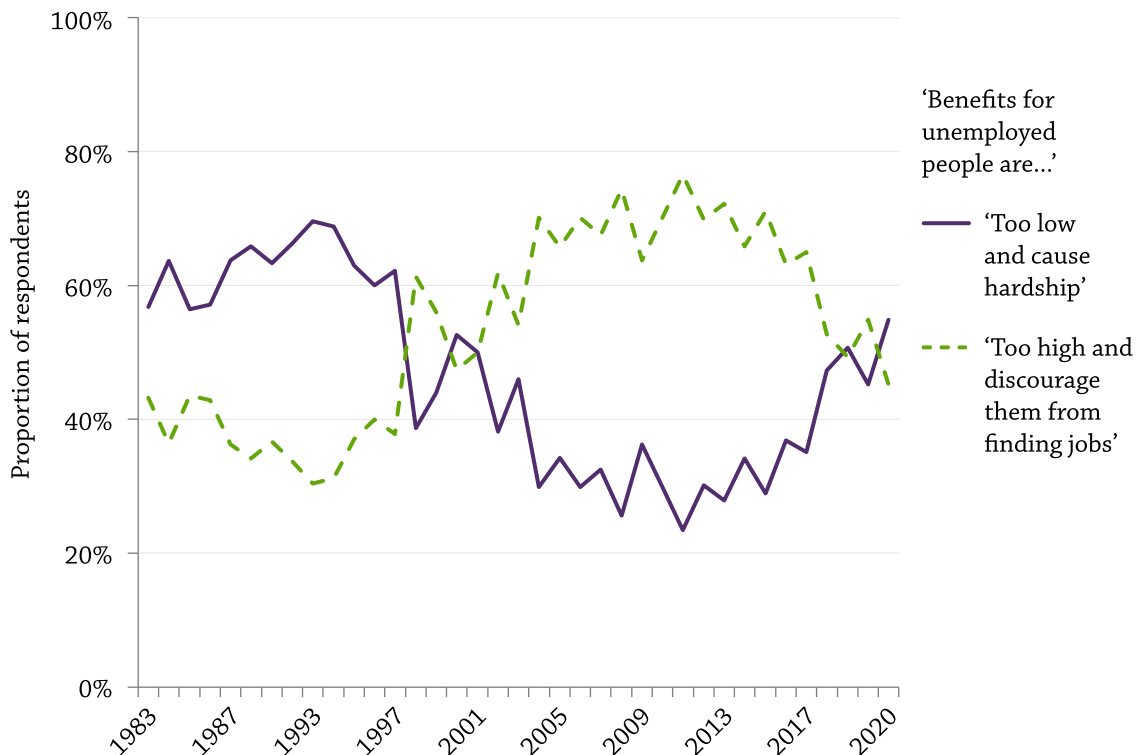
Sizable minorities of people expressed negative attitudes towards those receiving social security and who are unemployed



Source: British Social Attitudes Survey, 38. New values, new divides? 2020

During the periods when benefits were rising and unemployment was falling, the proportion of people agreeing with the statement that 'if welfare benefits weren't so generous, people would learn to stand on their own two feet' and agreeing the level of unemployment benefit is too high and discouraging work were rising, while in recent years following the financial crisis of 2007–2008, there has been rising support for benefit recipients.

In 2020, a slightly higher proportion of respondents were sympathetic towards benefit recipients than those not sympathetic, the first time this has been the case since around 2000



Source: British Social Attitudes Survey, 38. New values, new divides? 2020

This trend towards more positive public attitudes towards people receiving social security and out-of-work benefits is encouraging, but there are also signs that much of the UK Government narrative is trying to move the perception of responsibility from themselves to the individuals receiving benefits. Evidence for this includes frequent references to getting into and progressing in work as a way of recouping the loss of the £20 uplift to Universal Credit, ignoring the fact that many benefit recipients are already working or not expected to work. The choice to increase the work allowance and reduce the taper rate in place of maintaining the £20 uplift is a decision to prioritise in-work benefit support and leaves out-of-work benefit rates at their lowest level for around 30 years in real terms.

Notes

- 1 Based on After Housing Costs income excluding extra-cost disability benefits from household income.
- 2 See <https://www.jrf.org.uk/report/poverty-scotland-2021>
- 3 See <https://researchbriefings.files.parliament.uk/documents/CBP-9090/CBP-9090.pdf> for a comprehensive list of changes. These include among others: the benefit cap, the high income child benefit charge, localisation of Council Tax support, reforms to ESA, the under-occupation deduction (commonly known as the bedroom tax), changes to the calculation of local housing allowances, introduction of Personal Independence Payments, abolishing the Social Fund, turning Support for Mortgage Interest into a loan, introducing the two-child limit for certain benefits, introducing Universal Credit, changes to uprating including a benefits freeze.
- 4 The definition of housing costs used here includes rent or mortgage interest payments, water rates, structural insurance payments and ground rent and service charges. The definition excludes mortgage capital payments.
- 5 Disability is defined according to the core definition within the Equality Act 2010: ‘a physical or mental impairment which has a substantial and long-term adverse effect on the ability to carry out normal day-to-day activities’.
- 6 See www.jrf.org.uk/report/minimum-income-standard-uk-2021.
- 7 Liquid savings are those types of savings that can be quickly turned into cash. These consist of all current accounts, savings accounts, ISAs (cash ISAs and stocks and shares ISAs), National Savings Certificates and bonds, UK shares and UK gilts.
- 8 Includes those households with no adult liquid savings at all.
- 9 Based on household income (before housing costs) that has been equivalised to take into account the size of a household.
- 10 All subsequent references to ‘debt’ in this section will implicitly refer to debt that is not a mortgage or student loan. People in households without this type of debt were not asked about their level of debt burden.
- 11 The household representative is the person with the highest personal income of all people living in a given household.
- 12 Excluding those HRPs who are sick or disabled and not in the labour force, for example employed, self-employed or unemployed.

- 13 Unpublished figures from the polling conducted by Savanta Comres. Published figures are available from: <https://www.jrf.org.uk/report/dragged-down-debt-millions-low-income-households-pulled-under-arrears-while-living-costs-rise>.
- 14 Health is a continuum, defined by the World Health Organization as a ‘State of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity’.
- 15 <https://files.digital.nhs.uk/2C/6C0530/MHCYP%202017%20Emotional%20Disorders%20Tables.xlsx>
- 16 www.gov.uk/government/statistics/english-indices-of-deprivation-2019
- 17 www.gov.scot/collections/scottish-index-of-multiple-deprivation-2020
- 18 <https://gov.wales/welsh-index-multiple-deprivation>
- 19 www.nisra.gov.uk/statistics/deprivation/northern-ireland-multiple-deprivation-measure-2017-nimdm2017
- 20 See <https://obr.uk/efo/economic-and-fiscal-outlook-october-2021>
- 21 Figure 1 at www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/articles/alternativemeasuresofrealhouseholdsdisposableincomeandthesavingratio/apriltojune2018 shows the difference made by inclusion of non-profit institutions serving households is relatively small.
- 22 Analysis of overcrowding rates and mortgage capital payment estimates uses code developed by the Social Metrics Commission

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