

CAMBRIDGESHIRE'S CHILD POVERTY NEEDS ASSESSMENT 2014:

PEER RESEARCH WITH FAMILIES LIVING ON A LOW
INCOME IN CAMBRIDGESHIRE

DEMOGRAPHICS OF LOW INCOME IN
CAMBRIDGESHIRE

UNDERSTANDING MATERIAL RESOURCES AND
MINIMUM NEED

JULY 2014

"Living on a low income is stressful and gets you down; especially when you are trying to just keep a roof over your head and not really making any money for yourself"

"Most young people here and probably across the country just have to learn from their mistakes. But it's hard on a low income to make mistakes; you don't have the income to fall back upon"

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Document Details	
Title:	Peer Research with Families Living on a Low Income in Cambridgeshire
Date Created:	July 2014
Description:	The purpose of this document is to provide an insight into the current experience of families living on a low income in Cambridgeshire in inform the development of the County’s child poverty strategy
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On behalf of:	Cambridgeshire County Council
Geographic Coverage:	Cambridgeshire
Time Period:	Fieldwork conducted May / June 2014 all other data is sourced and dated accordingly
Format:	MS Word
Status:	Draft Version for Comment 5
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EXECUTIVE SUMMARY

1. This report was commissioned to inform the development of the Cambridgeshire Child Poverty Strategy
2. Recent national research has focused on explaining the increased numbers of people experiencing 'in work' poverty in addition to workless households. The narrative of the trends being identified can be summarised by
 - **Rapidly rising living costs**
 - **Continuing high unemployment / deprivation in some areas**
 - A labour market where **people** are in employment but **stuck in jobs that are insecure**, won't lift them out of poverty and won't lead to jobs that do.
 - **An increasingly thin and inconsistent safety net**
3. The best illustration of the increase in the costs of living is that since 2008 average wages have risen by 9% whilst the three biggest elements of household expenditure are the cost of food up by 26%, domestic energy by 45% and travel by 37%.
4. For the peer research, we recruited a small number of people living on a low income to interview their peers. We also supplemented these interviews with additional ones carried out by County Council Officers.
5. All those interviewed identified themselves as living on a low income and struggling to make ends meet:
"Once I have bought food, gas, electric bills and the essentials I have no money left"
6. **All had experienced recent financial crisis.** The triggers for this can be categorised as:
 - Struggling with budget planning:
*"Yes I had to use the foodbank, the **** bank paid a bill I wasn't expecting and took all my money. I had nothing to feed my children. How can the bank take money that's not there and charge me? Somebody needs to sort out the **** banks, ripping people off. I had to use the foodbank - it was well embarrassing but I had to feed my 3 children. My children had no breakfast that morning but when they got home there was food for them, they were really happy."*
 - Inconsistent employment:
"My husband earns very little, not stable (agency) and income is not the same each week, this week he worked only 7 hours"
 - No contingency to cope with a sudden emergency
"My cooker blew up and I had to ask my dad as there is no one else to turn to. I have heard of crisis loans but I don't know how they work, there is Freeman's Charity but because I have money coming in I don't qualify for it. I don't meet the right criteria. Because there is no money left at

the end of the month I don't have any money left if I have a crisis"

7. The impact of living on a low income included examples of where **children were less likely to participate in any event/activity that required even a small payment**. The cost of school uniform (and the attitude to this by some schools) was criticised. **Healthy behaviours, for example a healthy diet, were also sacrificed:**

"I struggle to afford extras like luxuries, fresh fruit and veg are very expensive. I buy frozen because it's cheaper - I can get more for my money, fresh goes off too quickly. The lack of fresh fruit and veg makes me feel grim and I don't feel like cooking. I would love to give my four fresh fruit and vegetables but we can't afford it".

8. **Community-led services were identified as being the most useful** and those interviewed included children's centres within this:

"The community shop is really useful as they sell really cheap clothes from 20p - it's amazing and a great resource. The Snack Shack is brilliant - it provides free activities for the family, it's once every half term and in the summer holidays. It's something I look forward to and it gets us out of the house."

"I find the children's centre really helpful - they have provided me with support and contacts. I have done several courses with them, my favourite is one called Peeps. It provides support and information on bringing up my toddler and it makes me feel I am not alone if I have a problem."

9. **Less helpful services included the Job Centre and those that exhibited unhelpful or uncaring behaviour:**

"I don't find the Jobcentre helpful. They don't do anything, it's like a conveyer belt, just get the people in, and get them out. They say on average they have 3 minutes to sign someone on. How is that helping me find work in 3 minutes?! They don't provide any assistance to help you find work."

10. **Many (including 90% of young people) struggled with a perceived lack of information about available services.**

11. People were also **keen to challenge both community and agency eligibility criteria** that did not take into account that people in work but on a low income were struggling as well:

"Working tax credits is a real sore point- because I get this I don't qualify for free school meals, clothing grants, free prescriptions or help with housing and Council tax. It's so frustrating I am no better off working".

12. Specific suggestions about **things that would really make a difference to people's lives included many requests for free activities for families with older children.**

11. Finally **the long term stresses of living on a low income** was clearly illustrated:

'It's very difficult, the stress of money and debt gets you down. Between me and you, it's got me to the point of suicide before. When you are on your own and you have debt coming through your door it is very scary.'

Implications for Cambridgeshire's Child Poverty Strategy:

- Support to help cope with sudden financial crisis, e.g. access to affordable credit, help with budget planning and money management
- Help with understanding how to eat healthily on a low income, breakfast clubs with subsidised or sponsored places
- Development of community shops and other community-led services
- More flexible job-seeking and employment support services
- More accessible information (on a regular basis) for young people on low income
- More free activities and drop-ins for families with older children, especially in the school holidays

And especially:

- An improved understanding across all agencies about the perceptions of people living in poverty, and of how to challenge or change these perceptions (e.g. flexibility of job-seeking support, childcare accessibility, availability of information)
- An improved understanding across all agencies (Health services, Early Help services, Housing services) about the impact on mental health of living in poverty.

INTRODUCTION

For this study we will not look at measures of income related poverty – these measures are relative and therefore interpretation can be inconsistent. Rather we will look at the material resources of families and consider how a limit to these impacts on their day to day lives. This approach draws upon poverty being defined as living in a condition where resources (particularly material resources) are insufficient to meet minimum needs (defining ‘minimum need’ will depend on what each society deems an acceptable standard for food, clothing and housing as well as ensuring a household’s participation in society¹)

In order to do this we will report on the experience of actual families living in Cambridgeshire collected through peer research, and use research data to consider the expenditure of families living on different incomes, contrasting the impact this has (using national data). For example the 10% poorest households spend 30% of their expenditure on housing; limiting resources for other minimum needs². We will translate this information to Cambridgeshire using the Output Area Classification.

¹ Joseph Rowntree Foundation, Response to the Government Consultation on the National Child Poverty Strategy

² Ibid

SECTION ONE: PEER RESEARCH

This section includes a summary of the results of a 'Peer Research' exercise completed in Cambridgeshire during May/June 2014. The research has yielded a considerable amount of detail from the participants, therefore a more comprehensive write-up will be published later.

METHODOLOGY

The County Council recruited a small group of volunteers to interview families living on a low income. The interviewers were people who had experience of living on a low income themselves. Within a group setting they were given broad themes to discuss from which they developed the research questions. Then, over a period of two/three weeks they were asked to conduct interviews with families experiencing living on a low income. Some interviews also included young people living within a Foyer housing project (where this group's experiences differ significantly from the rest of the sample then this is made clear within the analysis).

Families were offered an incentive of a shopping voucher to thank them for their time in participating in the research.

Given the relatively small number of the peer interviewers recruited further supplementary interviews were conducted by two County Council staff. The peer interviewers met again to review the results of the research and the transcripts from the interviews were analysed by the County Council.

In total thirty-six interviews were conducted.

KEY FINDINGS

Q1. Would you consider yourself on a low income? (e.g. household income of £256³ per week or around £1000 per month including any benefits)

All parents and young people stated that they were on a low income. However, a number of parents were not sure that they fitted within the survey definition into the category of "low income". In retrospect this is unsurprising as the figure was set very low and families indicated that even though they had an income higher than this they were struggling and self-defined as having a low income.

Relevant Quotes:

"From what you've told me I was not expecting that at all. Is that including housing benefit? I get £500 in housing benefit just like that. Well ok I get £484 every 4 weeks and that covers my entire rent. With other benefits I get more than £1000, quite a bit more. I get what £280 a week, then I get £60 a week. You know thinking about it with housing benefit included I would not say I was on a low income"

"If it's a £1000 I was expecting quite a lot more than a £1000 I was thinking more like 15-1600 would be classed as a low income. I would've have thought we were on a low income".

³ After housing costs / not including housing benefit

Q2. Do you have any spare money at the end of the week or month after food and bills? (If so roughly how much?)

The majority of parents didn't have any spare money at the end of each month, after paying bills, or sometimes they have very little, £5-£10. All of the younger people interviewed admitted that they had to borrow money every month and they never had any spare money after paying bills and buying food.

Relevant Quotes

"I'm not really sure 'cos it changes each week. Benefits come in different amounts each week. Like we get child tax credit every week and working tax credit is every 4 weeks, with housing benefit and all that lot. Some weeks we struggle a little bit but then like every other week we'll have 100 quid sat there at the end of the week and it's like ok let's go out and spend some money"

"No I struggle to pay my bills and I never have any spare money. I do have to clothe and feed my kids before luxuries"

"No once I have bought food gas electric bills and the essentials I have no money left"

"Spare money! No such thing when you have 5 kids"

Q3. Have you had any recent financial emergency? If yes, how did you overcome it?

Over 90% of the interviewed parents had to deal with a financial emergency due to lack of financial resources to pay for bills or food.

To manage the emergency they asked their families or friends for financial support. The majority of parents interviewed reported using a Food Bank at least once when they've faced a shortage of money. This was generally triggered by a crisis event e.g. an unexpected bill or a fault with an essential appliance. Respondents reported that they often have to make difficult financial decisions; to pay a bill or spend the money on food; buy clothes or shoes for their children. In some circumstances they try to get a credit to deal with emergency.

"Phone bill was £97 it should have only been 25 quid, even [the] phone company don't know why. I had to borrow money from my mum to cover other things"

"Yes I had an unexpected bill go out of the bank and it left us with nothing I had to use the food bank.. if it hadn't been for my friend telling me about it I don't know what I would have done to feed my family. I didn't enjoy the experience it made me really embarrassed"

"I've had my phone cut off 3 times it's not my fault, the bills have fallen on day when my money's not in the bank for another 2 days"

*"Yes I had to use the foodbank the **** bank paid a bill I wasn't expecting and took all my money. I had nothing to feed my children, How can the bank take money that's not there and charge me?, somebody needs to sort out the ***** banks, ripping people off. I had to use the foodbank it was well embarrassing but I had to feed my 3 children. My children had no breakfast"*

that morning but when they got home there was food for them, they were really happy."

"My husband earns very little, not stable (agency) and income is not the same each week, this week he worked only 7 hours. I borrow money from friends, if I can or try to delay paying the utility bills."

"My cooker blew up and I had to ask my dad as there is no one else to turn to. I have heard of crisis loans but I don't know how they work, there is Freeman's Charity but because I have money coming in I don't qualify for it. I don't meet the right criteria. Because there is no money left at the end of the month I don't have any money left if I have a crisis"

The young people who were interviewed stated that they had no money at the end of each month and it was a frequent event that they had to borrow money from their families or friends. The majority had a debt with their housing provider due to short falls in their monthly income.

"I had to set up a rent agreement with [the] Foyer because I owe them like £100 rent arrears. I just kept forgetting to pay my rent and so they gave me a final notice to quit letter unless I signed an agreement with them saying I will pay like £20 every two weeks".

Q4. What do you struggle to afford?

All interviewees admitted that they couldn't afford to buy new clothes, shoes, fresh vegetables, go on holidays or to go the cinema. Parents very often can't afford to buy school uniforms as they have to buy them from schools and they are more expensive than in Tesco. They very often can't pay their utility bills and try to negotiate a payment plan or delay the payment. Childcare was also identified as being unaffordable.

"I can afford the basic food - Simple Value things and pot noodles. But I can't afford to buy good, healthy food to live off.

After I pay off my rent, and pay the gas and electric bills in the 'move on house', I don't have much money to spend on myself. It is easier when two people are living in these 'move on houses', then there is more money for gas and electric. When the metre runs out we have to use the emergency gas instead but that doesn't last for long before it needs to be topped up"*

"I struggle to afford extras like luxuries, fresh fruit and veg are very expensive. I buy frozen because it's cheaper- I can get more for my money, fresh goes off too quickly. The lack of fresh fruit and veg makes me feel grim and I don't feel like cooking. I would love to give my four fresh fruit and vegetables but we can't afford it".

"There are no luxuries, I really miss being able to go on holiday. There is nothing worse than not being able to buy your daughter an ice cream or being able to treat my children"

"They say they want people to go back to work that's fine, but if you've got a kid and they're under 2 you can't. You can't afford it, 'cos you'll be spending most of your wages paying for childcare."

Q5. What services do you find helpful?

When asked, the interviewees said that they found the following services useful:

- Children Centres,
"The children's centre have been brilliant and has been very supportive through some difficult times also they provide courses to help with bringing up children."

"I find the children's centre really helpful - they have provided me with support and contacts, I have done several courses with the, my favourite is one called Peeps. It provides support and information on bringing up my toddler it makes me feel I am not alone if I have a problem."
- Community Shop,
- Snack Shack
"The community shop is really useful as they sell really cheap clothes from 20p it amazing and a great resource. The Snack Shack is brilliant it provides free activities for the family it's once every half term and in the summer holidays. It's something I look forward to and it gets us out of the house."
- Midwife
- Food Bank
- Family Learning,
- Rosmini Centre
- Fenland District Council (benefits)
- National Career Service
- GP and NHS
"I haven't found any services helpful apart from my Doctor and the NHS"
- Mental Health Team
- Foyer Project
- Ebony Trust
- Life After Debt (L.A.D)
- Step-Change

Over 60% of the parents and 90% of the younger people interviewed in the Foyer Project stated that they didn't know what services were available and were not sure how to find information and who they could ask for signposting.

"Our children are lucky enough to have a FREE breakfast club at school - this is really handy. Family learning - I did a few courses with them. Snack Shack - we can take the children to the park and know it is all reasonable prices and our children are entertained for a few hours. Fireworks are free at Coneygear Park. Children's centre - I did "Raising Children" with them it was very interesting."

"I don't know any services. I just never really looked anywhere for help with debt or money. I mean I have had one meeting with [the foyer] about debt advice but nothing really got sorted after that."

Q6. What service do you not find helpful?

None of the interviewees were satisfied with Job Centre services and also had negative experiences of welfare programmes. The main issues raised by parents and young people were:

- Ticking boxes rather than helping
- Sending job seekers to irrelevant courses
- Not listening to people
- Not interested in helping job seekers to find a job
- Giving out of date information about job opportunities
- Problems with Job Centre website.

The interviewees did not find the benefit system and services helpful. The majority of parents stated that they could not work more hours as they would lose their benefits and would not cope financially.

“You can’t print off half the jobs, there’s only one phone in the Job Centre, most of the computers aren’t working and the jobs are out of date.

“You phone them up and they’re already gone!”

“You can’t get on the Job Centre website. I’ve tried loads of times.”

“I don’t find the Job Centre helpful. They don’t do anything- it’s like a conveyer belt, just get the people in, and get them out. They say on average they have 3 minutes to sign someone on. How is that helping me find work in 3 minutes?! They don’t provide any assistance to help you find work.”

Apart from the Job Centre other services that were identified as being less helpful were some council services and payday loans companies.

“The council, especially when you’re homeless, they won’t rehouse you until you are literally on the streets. Our landlord decided to sell the house we were renting so we told the council but they wouldn’t do anything till we were literally on the streets even though we told them what was happening. They put us in a Travel Lodge then a hostel, it wasn’t a nice experience and my child was out of school for 6 months. When you have 3 children under 9, it takes forever, we wouldn’t have got our new home if the Social Services hadn’t helped us”

“Working tax credits is a real sore point. Because I get this I don’t qualify for free school meals, clothing grants, free prescriptions or help with housing and Council tax - it’s so frustrating I am no better off working”.

“I once used a loan shark called ‘Quid Finder’, but even to just sign up to the website they charged me £69.00. This put me in more financial debt so I did not find this helpful at all”

Q7. What would really make a difference to you?

The interviewed parents listed the following:

- Support for parent to get back to work
- Activities for children aged 5-11
"The children's centre - it really gets my goat now my children are over 5 there is nothing for them. It is brilliant if you have children under 5 but once they are older there is nothing for them"
"Access to a safe playground that couldn't be vandalised, like the play centre with crafts. And activities such as messy play as they is nothing for the 5 to 11 year olds that could be safe and free. Leo's Fun zone costs £5 per child I would love a safe play area that is free but I don't feel there is."
- Financial support to pay the utility bills and do more activities with children
- Support for parents who want to gain qualifications
- Family drop in for parents of older children
- Useful directory of activities, fun days
- Information about holidays and free/cheap trips for families
- Childcare support

"I wish the college had a crèche, it's only open certain days of the week, it's free but the amount of people that are quite a bit younger than me who have had kids and want to go back to college but they can't do it cos they've got nobody else to look after their kids, and then its starts all over again. And then they get to the point when they're my age they've got no qualifications so they can't do anything. So they can't work even if they wanted to, and at the moment with having to be over qualified for every single job it's ridiculous."

The young people listed the following:

- Help with managing money/budgeting
- Support with getting a job

"I believe that there should be more help out there in terms of learning how to budget. Most young people in [the] Foyer and probably across the country just have to learn from their mistakes. But it's hard on a low income to make mistakes, you don't have to income to fall back upon, so I think we should either be taught budgeting in school or have more support about how to handle money."


Q8. Is there anything else you'd like to say?

The interviewees stated that living on a low income is very stressful. They all needed more support and information how to deal with their stressful circumstances. They also mentioned access to leisure activities, hobby, cultural, community centres, support for people with various difficulties such as language difficulties or in understanding the benefit system.

"Living on a low income is stressful and gets you down. Especially when you are trying to just keep a roof over your head and not really making any money for yourself to spend."

"I don't feel like the people you speak to really give a damn."

'It's very difficult, the stress of money and debt gets you down. Between me and you, it's got me to the point of suicide before. When you are on your own and you have debt coming through your door it is very scary.



SECTION TWO: DEMOGRAPHICS OF LOW INCOME IN CAMBRIDGESHIRE

The separate needs assessment for Child Poverty is currently being updated for Cambridgeshire so there is not a requirement to extensively reproduce the content of that document here. Rather the aim of this section is to provide sufficient context to allow for the interpretation of the results of the Peer Research that follows in section three.

SOCIAL DEMOGRAPHICS

Broadly 'social demographics' is the approach of grouping different parts of the population to facilitate further analysis. There are various methodologies but the one that utilises free data⁴ is the Output Area Classification (OAC) commissioned by the Office of National Statistics (ONS). The updated version of the OAC 2011 is due for a full release at the end of July therefore this report refers to a combination of the old and new methodology with a view to adding an update later.

The distribution of the different sorts of low income households within the OAC 2011 is shown below.

Table 1: The Number / Type of Low Income Neighbourhoods in Cambridgeshire According to the Draft Output Area Classification 2011

Output Area Classification - Selected household types considered to be 'low income'	Count of Cambridgeshire Output Areas of selected type	% of all Cambridgeshire Lower Super Output Areas (LSOA) of selected type
1c2 - Social Rented Rural Housing	91	4.7%
2a2 - Migrant Families	1	0.1%
2c2 - Established Service Workers	34	1.8%
3a1 - Striving Service Workers	4	0.2%
4b1 - Steady Transitions	48	2.5%
4b2 - Transitional White Neighbourhoods	43	2.2%
4b3 - Multi-Ethnic Industrial Transition	82	4.2%
4c3 - Rented Blue Collar Terraces	8	0.4%
5a2 - Inner City Ethnic Assimilation	36	1.9%
5a3 - Socially Mobile New Arrivals	4	0.2%
7a1 - Young Hard-Pressed Families	16	0.8%
7b2 - Hard-Pressed European Settlers	47	2.4%
7b1 - Hard-Pressed Adults with Prospects	24	1.2%
7b3 - Deprived and Isolated Ethnic Minorities	4	0.2%
Sub Total	442	22.8%
All other OAC Types	1495	77.2%

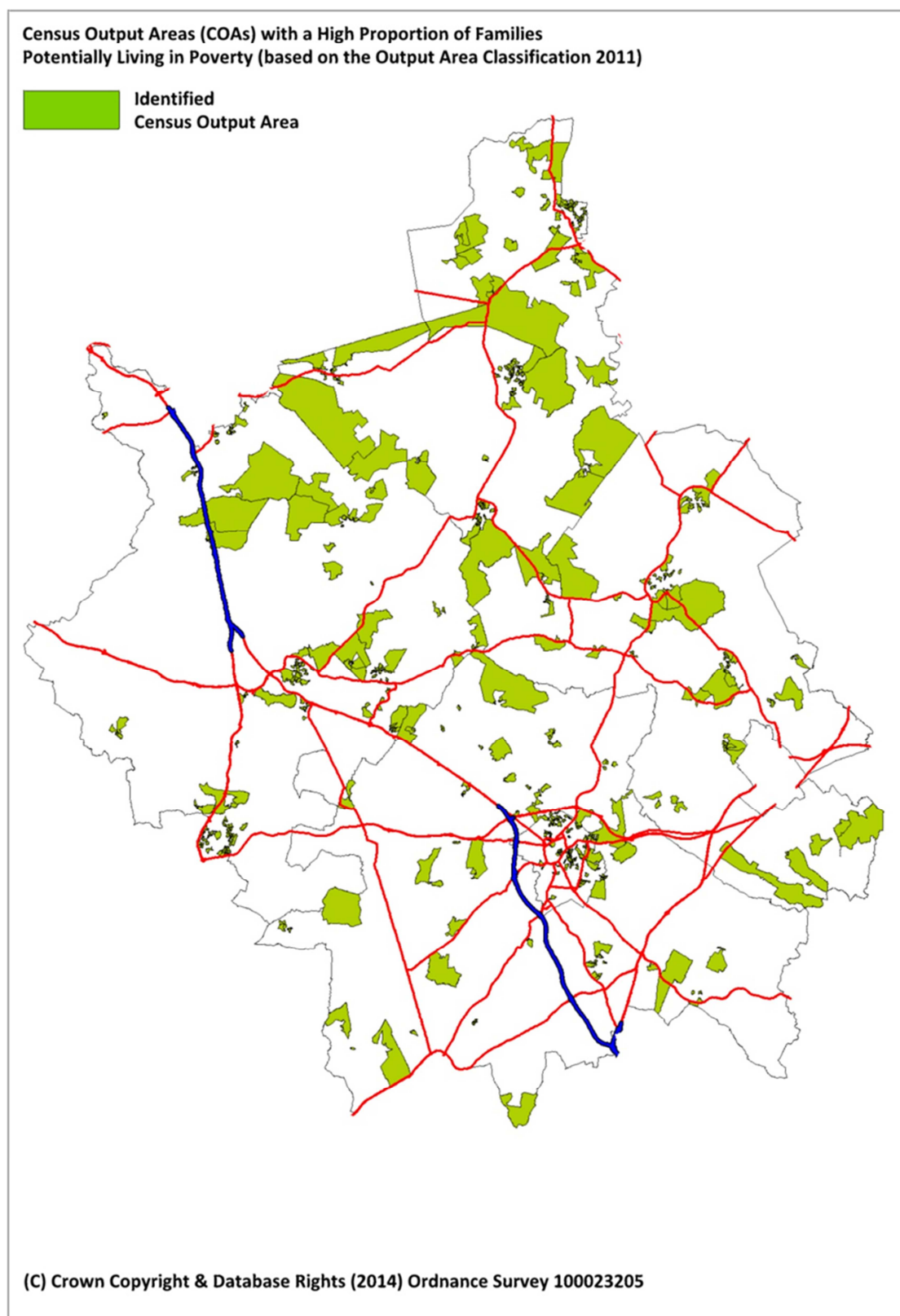
The classification identifies **22.8% of Cambridgeshire Output Areas (neighbourhoods) as being largely made up of households on a low income**. It also sub-divides these areas into different types. Apart from the type wording a 'pen picture' providing more a more detailed description of each type is available on-line⁵. For example group 1c2 – 'Social Rented Rural Housing', residents are most likely to live in semi-detached, social housing. Have a higher unemployment rate and a higher degree of ill-health than average and are more likely to work in basic occupations.

The geographical distribution of the 442 output areas identified, is shown overleaf.

⁴ As opposed to paid for datasets such as Acorn & Mosaic

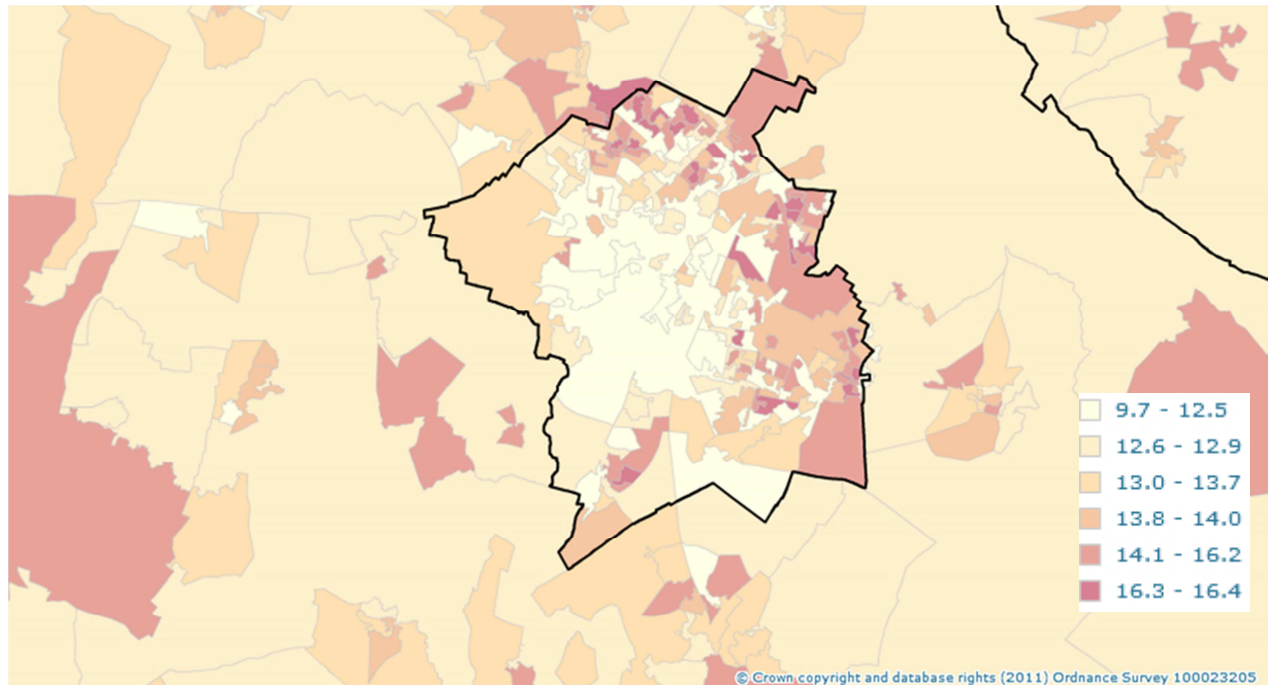
⁵ http://www.retailresearchdata.org/OAC_2011_Resources/2011%20EW%20OAC%20Pen%20Portraits.pdf

Map 1: Census Output Areas with a high proportion of families living on a low income



The beauty of the OAC is that household behaviours (derived from ONS household surveys) can then be overlaid on the initial classification.

Map 2: Percentage of Household Income Devoted to Food / Drink Costs



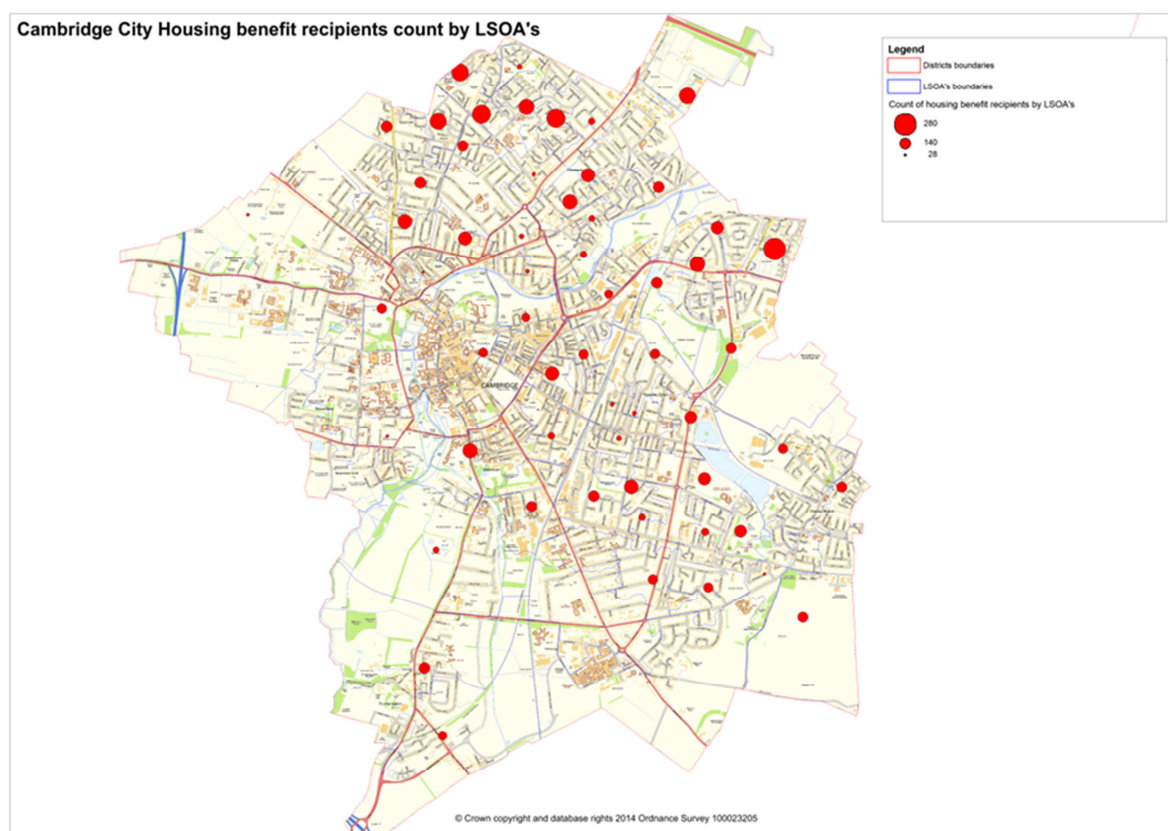
<http://www.cambridgeshireinsight.org.uk/interactive-maps/costs>

Full model is available: Example shows the % of household expenditure on food/drink. Showing households in some areas of Cambridgeshire City (on a lower than average income) % significantly more of their household income on food compared to others.

HOUSING BENEFITS CLAIMANTS FOR CAMBRIDGESHIRE

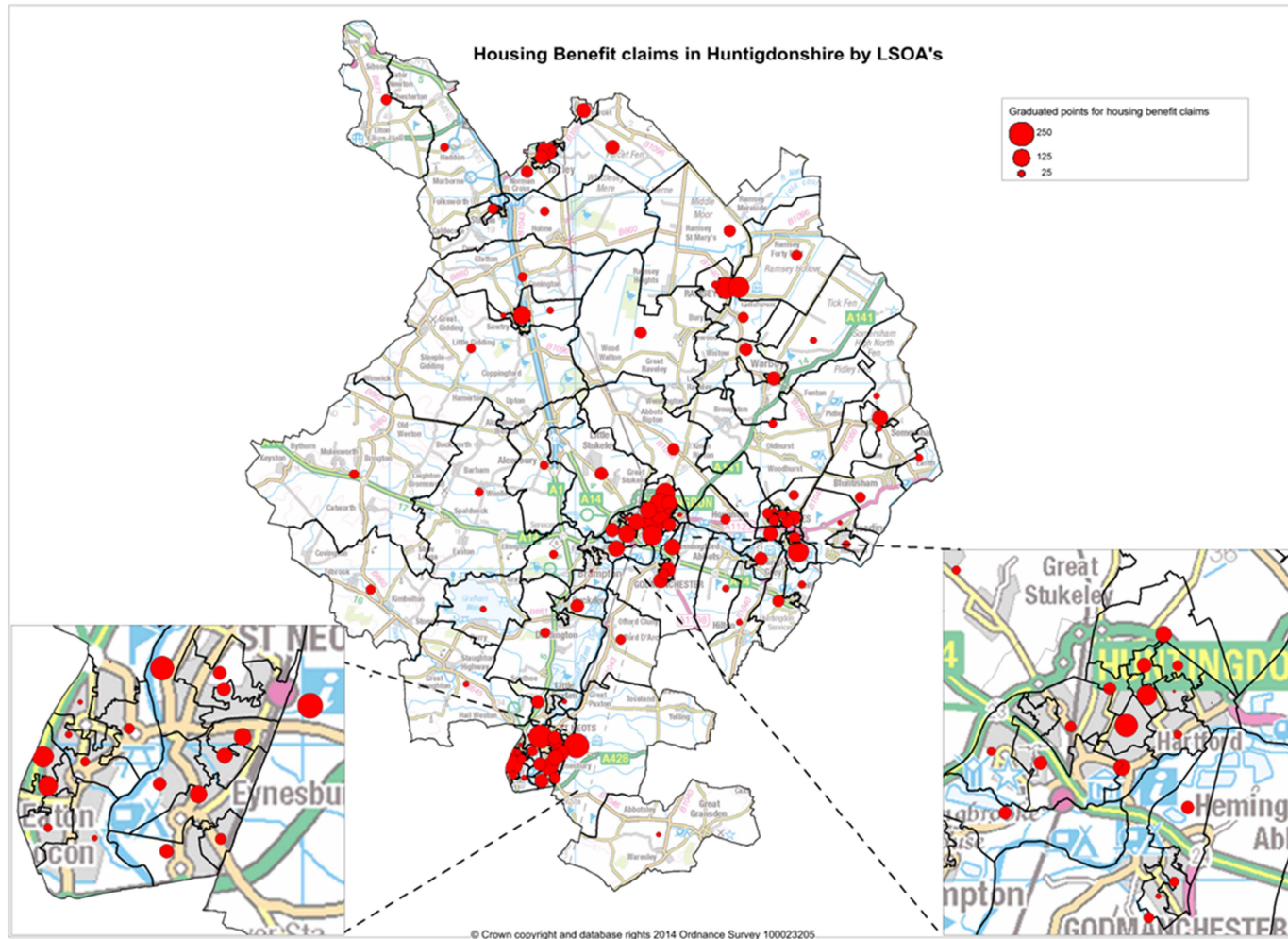
The following maps use information supplied by each of the district council's⁶ to show the distribution of actual housing benefit clients in Cambridgeshire. This is shown to provide contrast with the social-demographic map in the previous section and given a broader indication of the spread of low income households across the County. Further maps relating to family deprivation will also be included in the County Council's Deprivation report (largely based on a secondary analysis of the 2011 Census due to be published over the summer).

Map 3: Cambridge City Housing Benefit Recipients (Count shown by Lower Super Output Area LSOA)

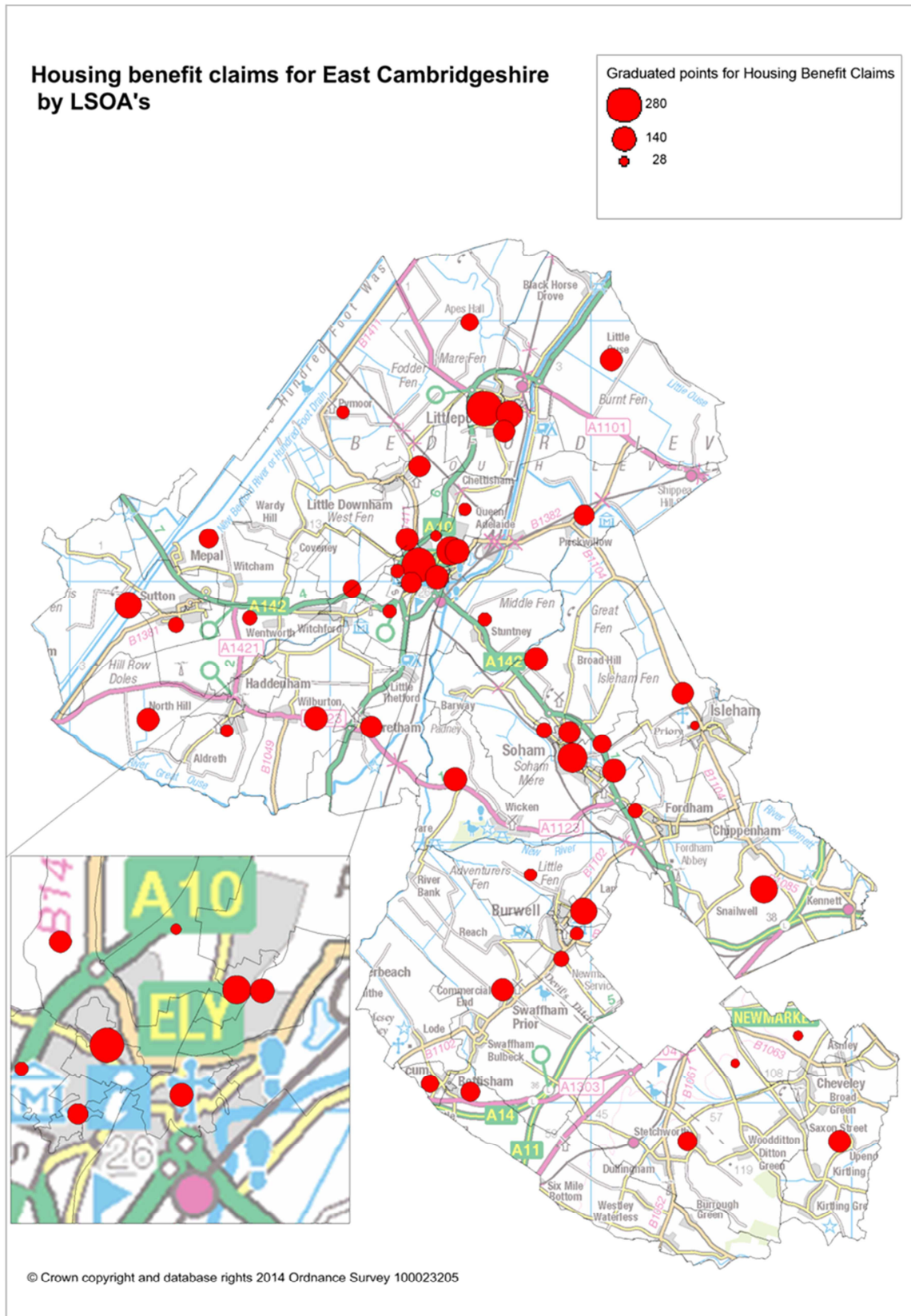


⁶ Except South Cambridgeshire

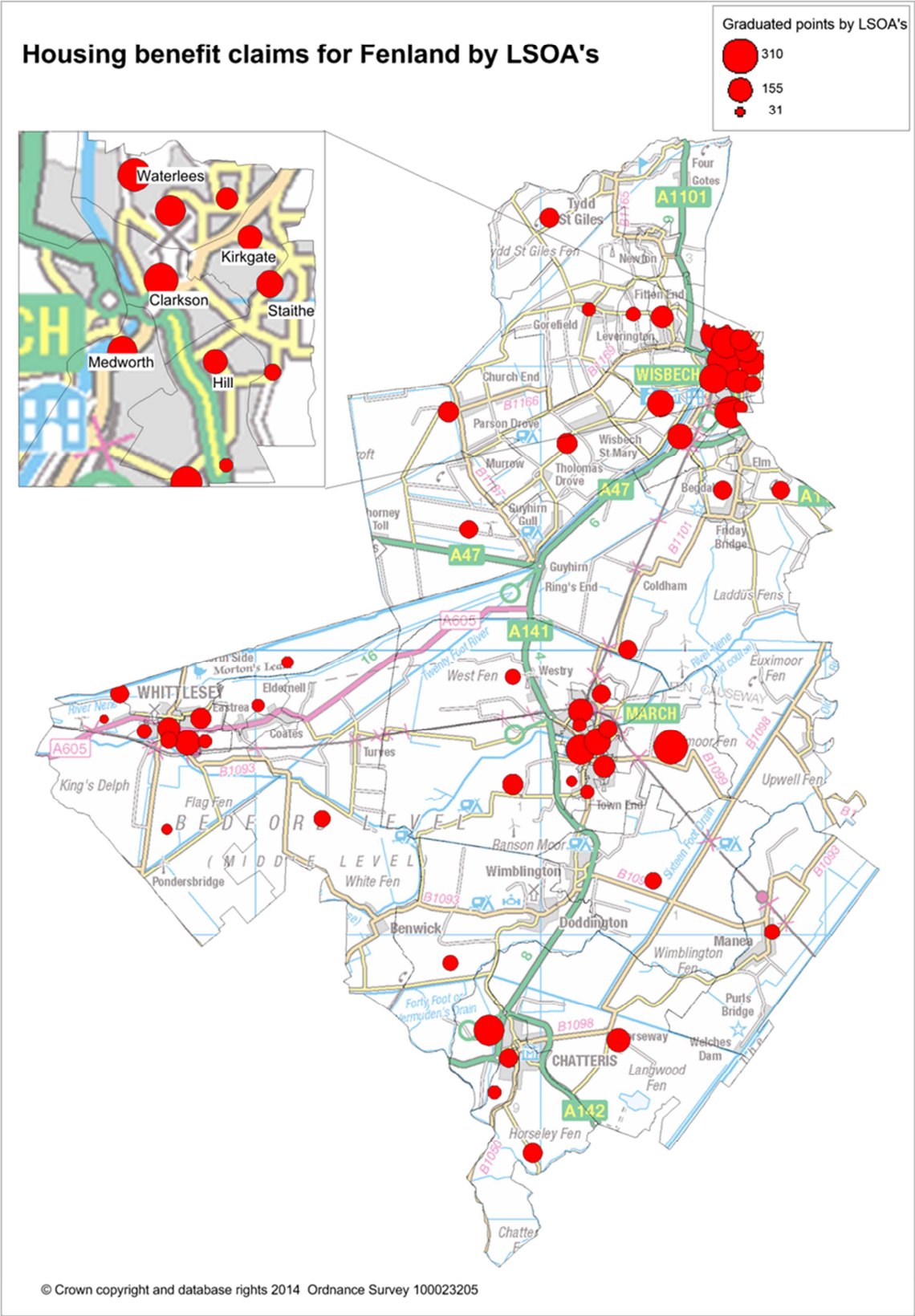
Map 4: Huntingdonshire Housing Benefit Recipients (Count shown by Lower Super Output Area LSOA)



Map 5 East Cambridgeshire Housing Benefit Recipients (Count shown by Lower Super Output Area LSOA)



Map 6: Fenland Housing Benefit Recipients (Count shown by Lower Super Output Area LSOA)



SECTION THREE: UNDERSTANDING MATERIAL RESOURCES & MINIMUM NEED

This section seeks to compare and contrast the interactions between increasing costs of living and income.

One of the most remarkable trends over the past few years has been the increase in the usage of food-banks across the UK. The Trussell Trust (the UK's biggest network of food banks) reports that the number of three-day parcels of emergency food that it supplies have increased from 61,468 in 2010/11 to 913,138 in 2013/14⁷. The issue of food poverty is also explored in detail by Oxfam, who report that the relatively rapid increase in the cost of food compared to income as being one of the main reasons why up to 500,000 people in the UK are now reliant on regular food aid⁸. Other reported increases in living costs include the cost of housing, transport and utilities.

Alongside the rise in living costs the UK labour market now features significant numbers of people who are stuck in jobs that won't take them out poverty and don't lead to work that will⁹. Approximately five million people are paid under the 'Living Wage'¹⁰. Families also report that they are **dependent on part-time work and on short-term, unstable jobs**. Charities are also reporting an **'increasingly thin and inconsistent safety net'** with delays in the benefit system, changes to criteria and additional JSA sanctions and sickness benefit reassessment all reportedly creating hardship.

WHAT IS A 'LOW INCOME?'

The most recent government analysis on households on a 'low income' has just been published¹¹. This shows that in 2012/13 the median household income before housing costs (BHC) for a couple with two children was £673 per week.

The most commonly used threshold of low income is that of 60% or less of the average (median) British household income. Therefore **the figure for a couple with two children on a 'low income' is now reported as being £404 per week before housing costs**.

Regardless of the current issues around the measurement of child poverty the four best measures of national progress on the issues have been published and reproduced overleaf.

There were some small movements in combined low income and material deprivation and severe poverty figures in 2012/13; however, none of these were statistically significant. The percentage of children in relative and absolute low income has generally remained flat.

These latest figures BHC show 2.3 million children in relative low income, whilst there were 2.6 million under the absolute low income measure (see Figure 1. Below)

⁷ <http://www.trusselltrust.org/stats>

⁸ Walking the Breadline, The Scandal of Food Poverty in 21st Century Britain, Oxfam, May 2013

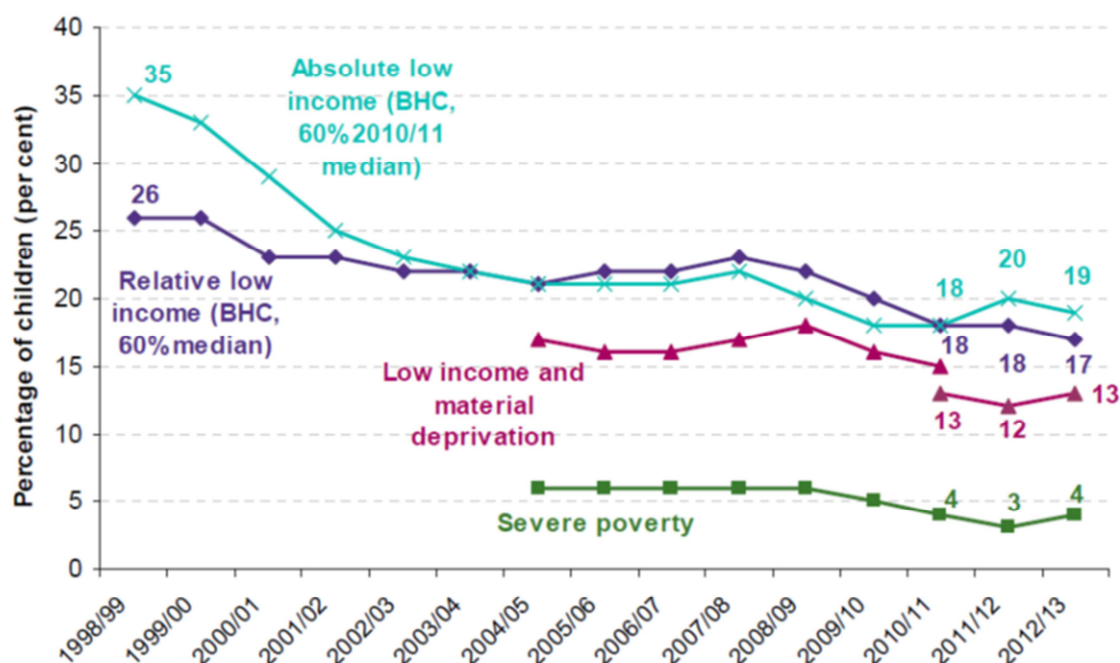
⁹ <http://www.irf.org.uk/blog/2014/06/breadline-kids-families-need-real-child-poverty-strategy>

¹⁰ The Living Wage is currently £7.65 an hour outside London (in contrast to the £6.31 minimum wage). The calculation is based on public consensus on what

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325416/households-below-average-income-1994-1995-2012-2013.pdf

The long term national trends from 1998/99 show a marked decrease in the percentage of children in both relative and absolute low income before housing costs, with much of this decrease occurring between 1998/99 and 2004/05 (prior to the economic recession).

Figure 1: Child Poverty, Main Measures, 1998/99 to 2012/13, UK (Before Housing Costs¹²)



WHY ARE INCREASING NUMBERS OF FAMILIES RELYING ON FOOD BANKS?

One of the key lines of enquiry for this research (prompted by the findings of the peer research) is how **when the national trend in relative children poverty has stayed static increasing numbers of families have to rely on food banks?** Part of the answer can be explained by looking at the trends within on going work by Loughborough University commissioned by the Josef Rowntree Foundation looking a minimum income standard (MIS)¹³.

Members of the public have not fundamentally altered their view of what comprises a minimum acceptable standard of living in the UK since the original MIS published in 2008. Published annually since 2008, the study uses extensive qualitative information to set a benchmark for a minimum acceptable standard of living. Apart from emerging trends in access to technology the items that people view as making up this minimum have remain similar over the last five years.

However the study highlights that **actual incomes have risen much more slowly than the cost of the required elements for a minimum standard of living**. In other words increases in the cost of living far outstrip increase in income. The study reports that overall the cost of a basket of essential items has risen by 28% over six years, while average wages have increased 9% and the minimum wage 14%. This contrast is at its starkest for couples with two children. **They would need to earn 46% more than they did in 2008 to reach the MIS threshold whilst wages have risen by just 9% over**

¹² Reproduced from page 43 'Households Below Average Income, an analysis of income distribution 1994/95 to 2012/13, DWP, July 2014.

¹³ <http://www.jrf.org.uk/publications/minimum-income-standard-2014?gclid=CLb29-6Lqb8CFWPltAodrQsAbw>

that period. The three biggest elements of the increase are the cost of food up by 26%, domestic energy by 45% and travel by 37%.

HOUSEHOLD EXPENDITURE

The following information is drawn from the Living Costs and Food Survey (LCFS) conducted by ONS and published in 2013. Official household expenditure surveys have been carried out in the UK since 1957 and the LCFS is the latest iteration. A total of 5,425 households full cooperated with the survey; further details of the methodology are available online¹⁴.

Tables 3.5 and 3.6 (reproduced in figures 2 -5 overleaf) contrast the expenditure of two typical household types, those with two adults and children and those with one adult and children, stratified by household income (and weighted to account for variations in age/sex/number of household members). This provides a broad overview of the different pattern of expenditure between household of differing income levels.

Broadly the graphs show that households on a low income spend a significantly higher proportion of the family budget on housing, food and transport compared to an 'average' household. For example a two parent family with children on a low income devotes well over half their budget on these three essential items compared to a family on an average income devoting 46% of their income.

¹⁴ <http://www.ons.gov.uk/ons/rel/family-spending/family-spending/2013-edition/index.html>

Figure 2: Household Expenditure, All Households, Two Parents

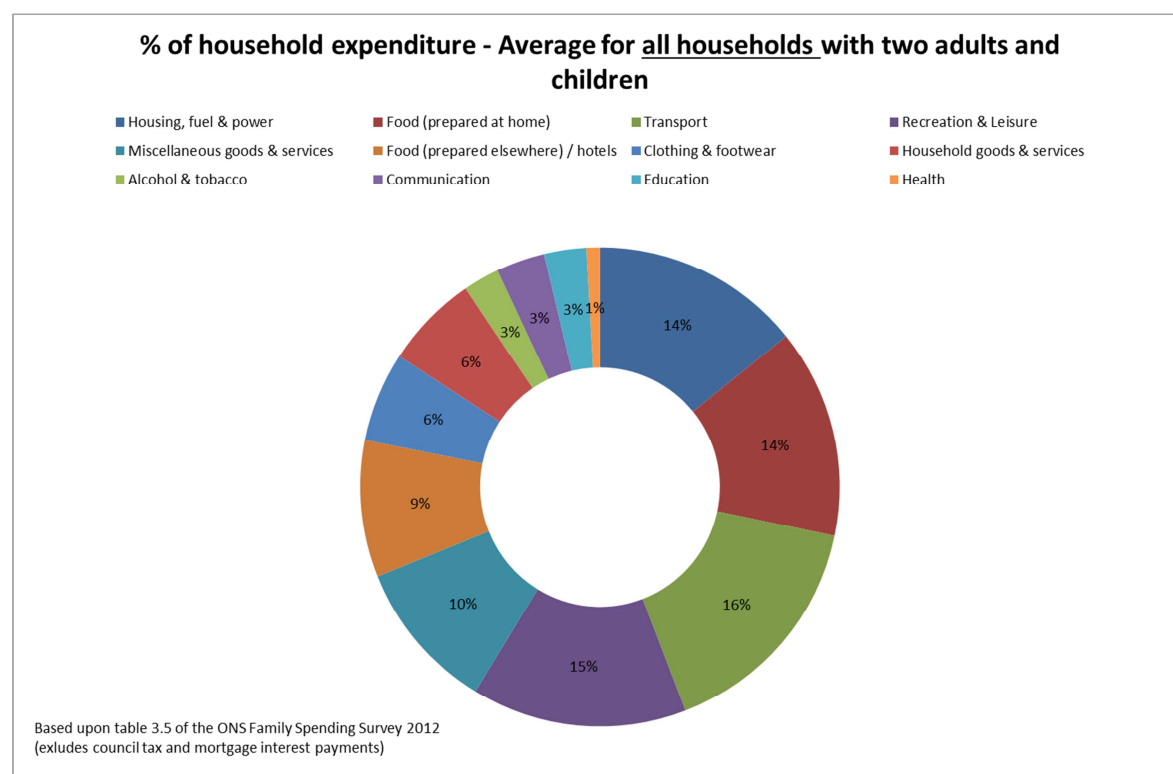


Figure 3: Household Expenditure, Low Income Households, Two Parents

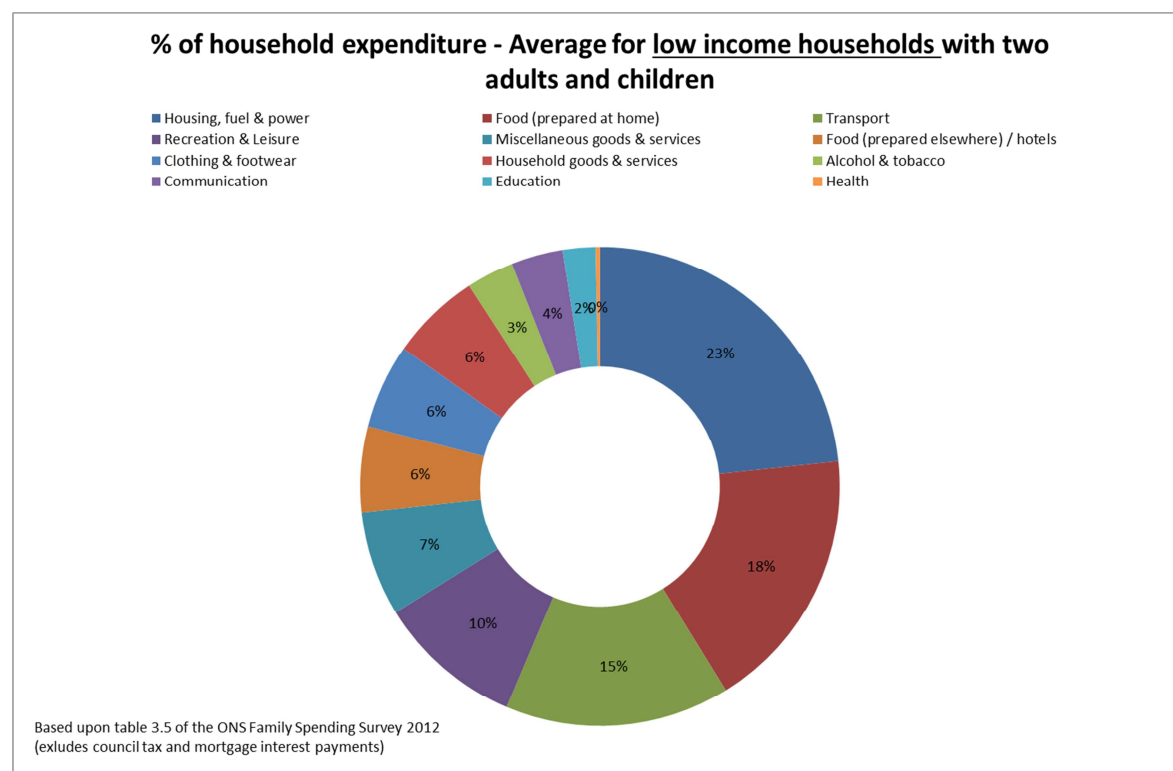


Figure 4: Household Expenditure, All Households, One Parent

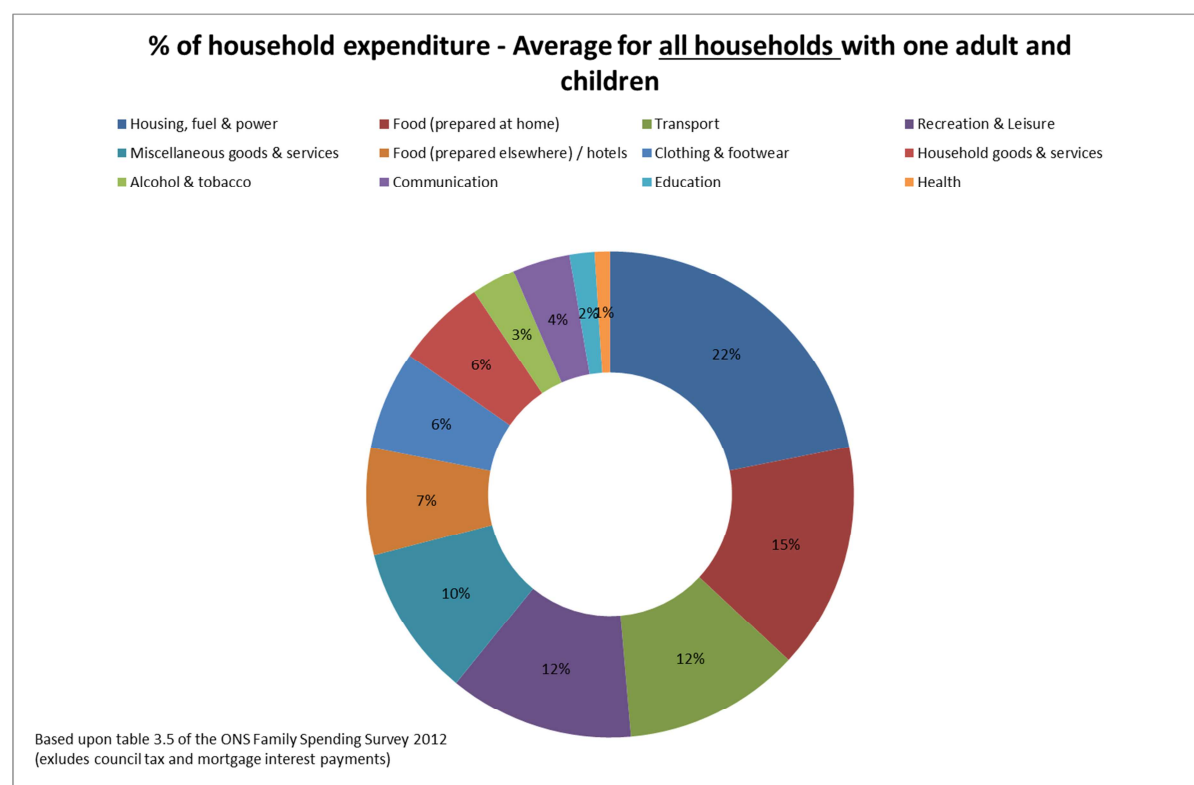
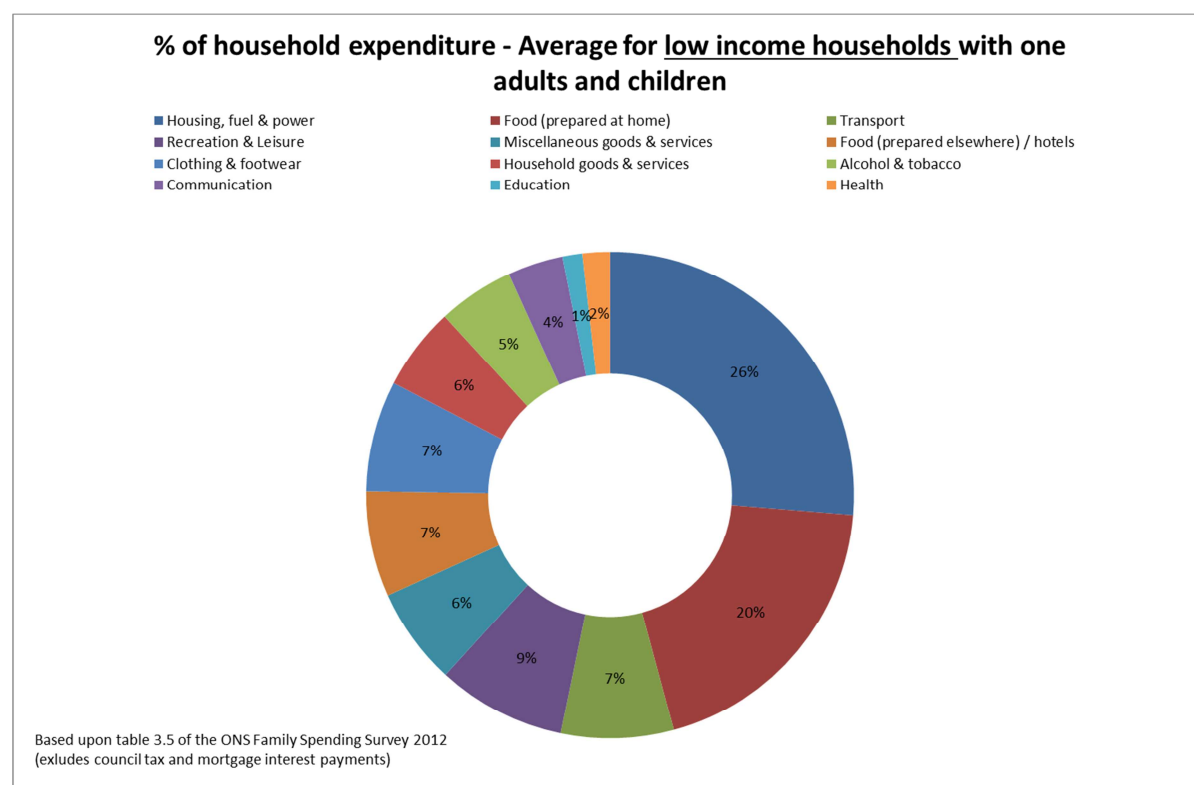


Figure 5: Household Expenditure, Low Income Households, One Parent



APPENDIX ONE: TRENDS IN MEDIAN UK HOUSEHOLD INCOME

Selectively Reproduced from <http://www.ons.gov.uk/ons/rel/household-income/middle-income-households/1977---2011-12/sty-middle-income-households.html>

Many economists argue that growth in median household incomes provides a better measure of how people's well-being has changed over time [compared to national measures of GDP]. The median household income is the income of what would be the middle household, if all households in the UK were sorted in a list from poorest to richest. As it represents the middle of the income distribution, the median household income provides a good indication of the standard of living of the "typical" household in terms of income.

Median equivalised disposable ¹⁵household income more than doubled between 1977 and 2011/12, after accounting for inflation and changes in household composition. In 1977, the median was the equivalent of £11,200 in 2011/12 prices. In 2011/12, median household income was £23,200, having grown at an average rate of 2.2% per year over the intervening period. Over this same period, mean household income increased more quickly than the median measure, growing at an annual rate of 2.4% from £12,600 to £28,200.

Since the start of the economic downturn, median household income and GDP per person have both fallen. However, the fall in UK median household income has been smaller than the fall in GDP per person over the same period. Between 2007/08 and 2011/12, median income fell from £24,100 to £23,200, a percentage drop of 3.8%, while GDP per person fell by 6.5%.

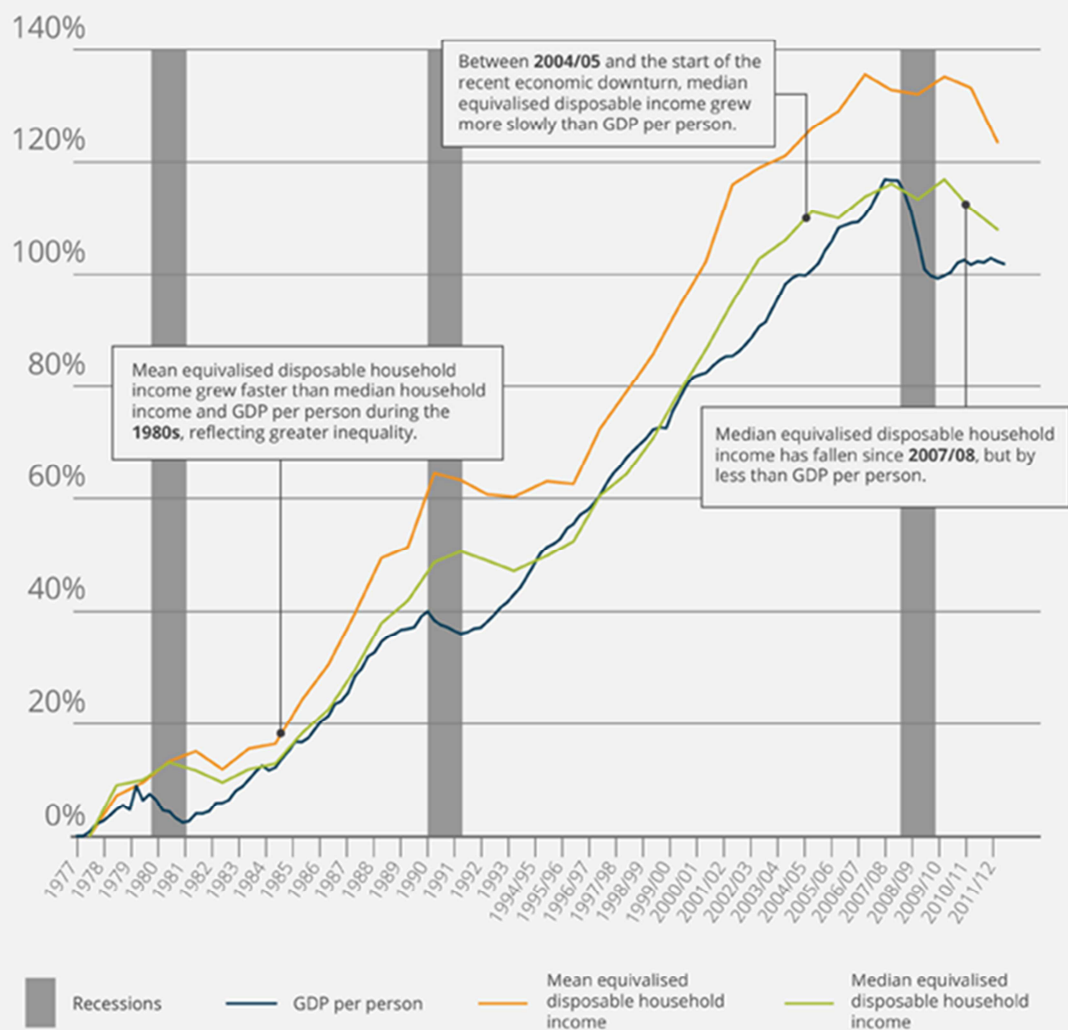
The impact of the economic downturn on median household income was delayed relative to the fall in GDP per person. Between 2007/08 and 2009/10, GDP per person fell by 7.7%, whilst median disposable income changed little. However, between 2009/10 and 2011/12, GDP per person grew by 1.3%, whilst median household income decreased by 4.1%.

All figures given in this summary are calculated in constant 2011/12 prices in order to account for the effect of inflation over the period.

These statistics were produced by the Household Income and Expenditure Analysis team. Further enquiries should be directed to James Lewis (james.lewis@ons.gsi.gov.uk) or Richard Tonkin (richard.tonkin@ons.gsi.gov.uk). More detailed analysis of the changing incomes of households in the middle of the income distribution, including the effects of taxes and benefits is available in the article [Middle Income Households, 1977-2011/12](#)

¹⁵ Disposable income is what is available after, income tax, national insurance and council tax.

% change since 1977 (adjusting for inflation)



• Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as income tax and council tax) have been accounted for. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state.

• Household income figures are equivalised. This adjusts income for the needs of different sizes and compositions of households, and so enables a better comparison of living standards between households.

• Figures are deflated to account for inflation.

• Mean household income is the total household income divided by the total number of households.

• Median household income is the income of what would be the middle household, if all households in the UK were sorted in a list from poorest to richest.

• GDP per person is the GDP of the UK economy divided by its population.