

Response to the United Nations Special Rapporteur on extreme poverty and human rights

It is not right that anyone should have to experience extreme poverty or destitution in the UK. We welcome the visit of the UN Special Rapporteur and the opportunity to respond to his consultation. This briefing sets out our answers to a selection of consultation questions, based on JRF evidence and insight. It focuses on poverty measures, Universal Credit, child poverty and Brexit.

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Recommendations

1. Government and others should take up and use a new measure of poverty from the Social Metrics Commission that takes account of savings, as well as incomes, and costs such as housing, childcare and disability; and uses a rolling three-year average of median resources.
2. Universal Credit requires considerable short- and long-term reform to fulfil its potential as a poverty-fighting tool – for example, by restoring funding in UC for working families.
3. Future governments must protect low-income families from the risk of inflation after Brexit by uprating benefits and tax credits to cover rising costs.

General questions

This document sets out responses from JRF to selected (but not all) questions from the consultation by the United Nations Special Rapporteur on extreme poverty and human rights, Professor Philip Alston. In November 2018, he is visiting the UK to explore and gather information about the connections between poverty and human rights.

Q1. What is the definition of poverty and extreme poverty that your organization employs in the context of the United Kingdom and to what extent do official definitions used by the state adequately encompass poverty in all its dimensions?

JRF defines poverty as when a person's resources are well below the cost of meeting their minimum needs, including taking part in society.

JRF also defines people as destitute if they, or their children, have lacked two or more of these six essentials over the past month, because they cannot afford them:

1. shelter (have slept rough for one or more nights)
2. food (have had fewer than two meals a day for two or more days)
3. heating their home (have been unable to do this for five or more days)
4. lighting their home (have been unable to do this for five or more days)
5. clothing and footwear (appropriate for weather)
6. basic toiletries (soap, shampoo, toothpaste, toothbrush).

To check that the reason for going without these essentials is because people cannot afford them, households must also have an income below the standard relative poverty line (i.e. 60% of median income after housing costs for the relevant household size); and have no or negligible savings; **or** have an income so extremely low that they are unable to purchase these essentials for themselves. This weekly 'extremely low' income threshold is set by the average of three metrics:

1. actual spending on these six essentials by the poorest 10% of the population
2. 80% of the JRF Minimum Income Standard costs for equivalent items
3. the amount that the public thought (from polling) was needed for a relevant sized household to avoid destitution

The resulting (after housing costs) weekly amounts are: £70 for a single adult living alone, £90 for a lone parent with one child, £100 for a couple, and £140 for a couple with two children.

The UK Government does not use an official measure of extreme poverty, nor has it adopted the JRF measure of destitution. Income poverty is, however, well captured by the Households Below Average Income statistical series (covering 50%, 60% and 70% of median income; before/after housing costs; relative/fixed threshold measures). Material deprivation is also measured for children and for pensioners. However, these measures are no longer reported to Parliament and JRF has been involved in recent efforts to improve them through supporting the Social Metrics Commission.

Q2. What is your view on the current official measurement of poverty by the government, what are the shortcomings of the current measurement and what alternatives would be feasible?

The UK Government does not currently have an official measure of poverty, nor even a definition of what it believes poverty to be. Recently, it has emphasised the fixed threshold ('absolute') measure, before housing costs, rather than relative or after housing cost measures. For child poverty, the Government focuses on worklessness and the educational attainment gap as drivers, rather than direct measures, of poverty.

JRF defines poverty as being when someone's resources are substantially below their needs. For several years, we have used the relative poverty measure of net income of less than 60% of median income, after housing costs. Recently, however, JRF has been part of the Social Metrics Commission, which has brought together poverty experts and thinkers from across the political spectrum to develop a new measure of poverty for the UK. This addresses some of the methodological flaws of previous measures and, it is hoped, will command greater consensus. It is launched on 17 September.

The new measure takes account of savings as well as incomes and costs, including housing, childcare and a proxy for the costs of disability. It also uses a rolling three-year average of median resources, rather than the previous practice of using median income, which fluctuates each year. The reason for using a rolling average is that median resources are functioning as a proxy for social norms across the bulk of society, and the Commission agreed that these do not change each year as the median fluctuates but more slowly as the economy affects the population's expectations. The new poverty measure is set in a framework that includes measures of persistence, depth and a range of 'lived experience' indicators.

The Commission has identified several areas where further work is needed to improve measurement and data to enhance the UK's monitoring of poverty, including debt, and equalising for the different needs of families according to their size and composition.

Q6. Which areas of the United Kingdom should the Special Rapporteur visit in light of the poverty and human rights situation in those locations?

In JRF's 2018 report on destitution in the UK, each local authority area is ranked according to the rate of household destitution. The top ten areas are Manchester, Liverpool, Middlesbrough, Birmingham, Hull, Rochdale, Blackpool, Barking & Dagenham, Glasgow and Tower Hamlets. These are also areas with high levels of poverty and often have a history of deindustrialisation. There are some perhaps more surprising areas in the top decile too – for instance, Oxford, Norwich and Ealing. All these areas would be potentially suitable to visit.

Q7. Which individuals and organizations should the Special Rapporteur meet with during his country visit to the United Kingdom?

JRF works in partnership with the Poverty Truth Commissions and other participatory organisations such as ATD 4th World, Thrive Teesside and Dole Animators (in Leeds). We would strongly encourage the SR to meet with individuals with direct experience of poverty who are working with and supported by these organisations.

Universal Credit

Universal Credit (UC), which was first announced in 2010, is a key element of welfare reform in the UK. Its stated aims are to simplify and streamline the benefits system for claimants and administrators, to improve work incentives, to tackle poverty and to reduce fraud and error.

Q15. To what extent has UC been able to achieve the goals identified above?

UC still has potential to dramatically improve the welfare system. If fully implemented and properly funded it should be simpler, help smooth people's transition into work, respond better to their changing circumstances, and make it easier for people to claim everything they are entitled to. But there is a significant risk UC will not meet this potential, with current problems undermining confidence in the new system.

UC requires considerable reform to become a poverty-fighting tool.

Q16. What has the impact of Universal Credit been on poverty and the lives of the poor in the United Kingdom until now? It would be helpful to also distinguish the specific impact of Universal Credit on specific groups, including for example children, persons with disabilities, women and other groups which may be more vulnerable on the basis of their identity and circumstances.

The effects of UC on poverty or destitution overall have been limited. There are not yet enough people receiving the benefit for this to show up in population surveys or poverty statistics. However, there is a raft of evidence from organisations who are providing support to people who are already claiming UC highlighting problems and issues that need addressing – in particular, the effects of delays (by both design and by error) in receiving a first UC payment on debts, arrears and financial hardship.

In the 2017 Budget, the UK Government introduced some mitigations in response to these concerns with implementation of the UC system. This included removing 'waiting days' so that claimants should have to wait no more than five weeks for a first payment. This is still too long for many.

Allowing people complete choice and control over their payments would enable them to responsibly manage their budget in a way that works for them. For example, choosing fortnightly rather than monthly payments would reduce waiting times at the beginning of claims and mean families have a shorter and, for some, a more helpful

budgeting cycle. Splitting payments would allow each member of a couple to have an income stream to cover different household costs, including those relating to children. Allowing choice over the direct payment of the housing element to landlords would reduce arrears.

Child poverty

Q25. What is the extent of child poverty in the United Kingdom, and how has it evolved over the last decade?

Q27. What are the main causes of child poverty in the United Kingdom, what have been the main government responses, and how effective have they been?

Poverty is consistently highest among children and their parents. Twenty years ago, a third of children lived in poverty. This fell by 15% between 1994/95 and 2004/05, to 28% of children. The child poverty rate fell to its lowest level (27%) in 2011/12, but has started to rise again in recent years, reaching 30% in 2016/17.

Over the last 20 years there have been very significant reductions in poverty among families particularly at risk: lone-parents and families with three or more children. The risk of poverty for children in families with one or two children barely changed over 20 years.

Two factors drove the falls in child poverty. First, successive governments chose to increase support through the benefit and tax credit system. Benefits for out-of-work families not only kept up with prices, between 2000 and 2013, they rose in comparison with average incomes. The introduction of tax credits meant that those in work but with low earnings were also supported.

These decisions meant that lower-income families saw their living standards move closer to the rest of the population and were protected from the worst effects of the 2008–09 recession. Secondly, there were big reductions in worklessness and rises in employment, helped by labour market activation and personalised support, alongside a recovering labour market. These were accompanied by rising skill levels and increased wages for the low-paid from the introduction and raising of the minimum wage.

Since 2013, these reductions in poverty among families with children have gone into reverse. Their poverty rates are rising, largely due to reductions in the support offered by benefits and tax credits. Tax cuts and minimum wage rises have been beneficial for some, but for many low-income families, the gains are far outweighed by reductions in the more targeted support to households given by the benefit and tax credit system.

Brexit

Q28. What are the potential implications of Brexit for the situation of those living in poverty in the United Kingdom?

In modelling done by JRF, poverty rates are not predicted to be greatly affected by Brexit. However, this depends on future governments protecting low-income families from the effects of inflation by uprating benefits and tax credits to cover rising costs.

We have identified five areas where Brexit could have a significant impact on UK poverty:

1. the size, shape and performance of the **UK economy** and the consequences of this for price inflation especially but also jobs and pay
2. the **UK Government's budget**. Factors affecting this include savings from not contributing to the EU Budget, the cost of funding activities currently paid for jointly by EU members, and the impact on government finances of higher or lower economic growth
3. **immigration**, including the effect of any changes to immigration rules to reduce migration from the EU. The evidence suggests that this would have little impact on employment but could have (minor) impacts on wages and the funding and staffing of the UK's public services
4. **regulation**, including employment rights
5. **regional inequalities**. The economic impacts of leaving the EU are unlikely to be felt in the same way across the whole country. Regions vary in the extent to which their economies are connected to the EU through imports and exports. Some also receive funding related to poverty reduction through the European Social Fund, Youth Employment Initiative and European Regional Development Fund, which would be at risk.

The eventual effect of leaving the EU on all these areas is still highly uncertain. It is impossible to gauge the impact fully until we know more about the shape of the eventual deal and how UK governments make use of any new powers. This means that we cannot state with any certainty how leaving the EU will affect the future level and nature of poverty in the UK. However, we have used the best available evidence and tools to analyse a range of outcomes that might arise from trading arrangements emerging from current and future negotiations, including those set out in the latest White Paper.

Notes

Barnard, H, Heykoop, L and Kumar, A (2018) How could Brexit affect poverty in the UK? York: JRF.

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D'Arcy, C and Goulden, C (2014) A definition of poverty. York: JRF.

Davis, A, Hirsch, D and Padley, M (2018) A Minimum Income Standard for the UK 2008-2018: continuity and change. York: JRF.

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JRF (2017) UK Poverty 2017. York: JRF.

About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

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