

Poverty and Inequality briefing England



Updated March 2021
by Paul Morrison

“Poverty is not only about shortage of money. It is about rights and relationships; about how people are treated and how they regard themselves; about powerlessness; exclusion and loss of equity.”

Participant at local poverty hearing held in Bradford

Before the Pandemic

Poverty and inequality were already huge problems before the pandemic. At the start of 2020, 14.5 million people were experiencing poverty – 4.5 million of them children¹. The experience of poverty had become more difficult – with 2.5 million people experiencing destitution, the most extreme form of poverty, an increase of 35% from two years previously².

Income inequality was high but had stopped rising – however inequality was still increasing as assets such as houses, pension pots or other stocks and shares increased in value. The poorest rarely own such things and so were locked out of these gains in national wealth³.

¹ Social Metrics Commission (2020) <https://socialmetricscommission.org.uk/measuring-poverty-2020/>

² JRF (2020) <https://www.jrf.org.uk/report/destitution-uk-2020>

³ ONS Wealth and Assets Survey (2019) <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/totalwealthwealthingreatbritain>

After the Pandemic

The pandemic pressed down on the inequalities already present in society. The lower your income, the more likely you were to lose your job or be furloughed. Alongside these drops in income, family's costs went up especially for those with children. With public transport restricted and people being instructed to stay at home, many families were left with little option but to shop at expensive local stores.

Churches saw that people who were struggling financially at the start of lockdown were having their carefully constructed budgets shattered, and often needing to take on debt simply to survive⁴. Part of the legacy of the pandemic is 3 million more families in need of debt advice and around £10Bn extra debt for low-income families – much of it in unpaid bills, rent and council tax.

This inequality is made starker by the fact that higher income families who were more likely to be able to work at home and keep their income made substantial savings as their spending opportunities were restricted. This group was therefore able to pay off around £20Bn in unsecured debt as well as saving over £100Bn in additional bank deposits.

⁴ Reset the Debt (2020) <https://resetthedebt.uk/>, JPIT & CAP (2020) <http://www.jointpublicissues.org.uk/corona-virus/gleanings/>

How could these elections lead to positive change?

MPs, who are not up for election, make most of the decisions around benefits (although in Scotland around 15% of that budget is devolved to MSPs) and minimum wages. English Local Authorities and the Scottish and Welsh Parliaments can, however, make huge differences to family's budgets, people's opportunities and importantly in humanising the experience of living with a low income.

Financial Support

Council Tax rates are set by Local Authorities, but rate increases are capped in both Scotland and England. This year caps have been loosened and rises of around 5% are expected across GB. That is unusually high and 10-fold greater than the 0.5% inflation rate used to uprate most benefits.

There are schemes to reduce Council Tax for families on low income that is set nationally in Scotland and Wales and by individual Local Authorities in England. As Council Tax is one of the most regressive taxes – levied without reference to ability to pay – these reduction schemes are very important. They vary greatly from exempting low-income families completely, through insisting on at least a 30% payment regardless of circumstances, to demanding full payment of Council Tax if the family lives in a higher-than-average-value property.

The Scottish and Welsh Governments do have schemes to offer limited cash help in times of crisis, English Local Authorities can choose to have such a fund. Many don't, and many of those that do offer only benefits in kind.

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Politicians who set the rates and the conditions for these Council Tax and Crisis Schemes are being elected on 6 May 2021. It is worth going to your Local Authority website to see what help is provided to low-income families in your area.

An inclusive community

If you have no money to spend, there are often few opportunities to meet and share in community life. Local Government has a key role to play in ensuring that there are places where people can socialise and be part of the community which are available to all, including those with limited means.

Access to shared non-commercial spaces, such as libraries, leisure centres and playgrounds has reduced as local authorities have had to balance budgets through cuts in some services. Some sections of society can afford to buy these services from the private sector, but many cannot.

Some local authorities have supported Poverty Truth Commissions to better include those who battle poverty from day to day in the decisions that affect their lives. These have provided important local insights, but perhaps more importantly they have shown that the most diligent and well-intentioned local leaders are surprised by how poverty affects lives – and how services often don't respond to that reality.

Suggested questions for candidates

- 1.** How can the low-income families be better protected by the local Council Tax Reduction Scheme?

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2. How can the (local crisis fund)* be improved to better support families affected by the current recession?

**this has a number of names depending on nation:*

Local Welfare Assistance (England),

Scottish Welfare Fund (Scotland),

Discretionary Assistance Fund (Wales)

3. How do you plan to include people living in poverty in your decision-making processes?

Further reading

1. [Reset the Debt](#) – which looks at the effects of the pandemic on low-income families
2. [Child poverty: the crisis we can't keep ignoring](#) – recent Children's Commissioner for England report
3. [HuManifesto](#) – Leeds Poverty Truth Commission's proposals for change.

Contact

We would like to know how this guidance was useful and what should be added or changed for future publications.

If you have questions, suggestions or comments please write to:

Joint Public Issues Team enquiries@jointpublicissues.org.uk

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