A NEW FRAMEWORK FOR TACKLING POVERTY

The interim report of the Poverty Strategy Commission

Chaired by Baroness Philippa Stroud

SEPTEMBER 2023
ABOUT THE POVERTY STRATEGY COMMISSION

The Poverty Strategy Commission is an independent Commission formed and led by Baroness Stroud.

The Poverty Strategy Commission was brought together to develop consensus behind the actions needed to tackle poverty in the UK. The Commission will be considering actions that reduce poverty and the depth and persistence of poverty, as well as things that tackle the resilience gaps that many families in or close to poverty experience across a range of outcomes. The Commission’s scope is broad, covering everything from incomes, assets and debt, through to family, health and education policy. It will also consider actions from the widest range of actors, including Government, business, civil society and families who themselves are in poverty.

The Commission is an independent and rigorously non-partisan organisation dedicated to helping policy makers and the public understand and take action to tackle poverty. We hope that through our work, central and local governments, business and others will be better able to develop interventions that reduce the number of people experiencing poverty and improve outcomes for those people who do experience it.

Our Commission members have been drawn from a wide range of backgrounds and each has valuable skills and experience to bring. We also have a strong team of technical and policy experts who support the Commission and ensure that our thinking is underpinned by cutting edge, robust and insightful research and analysis.

SUPPORTERS OF THE COMMISSION

The Commission is now hosted within the Centre for Social Policy Studies. The Commission would like to thank both the Legatum Institute for hosting the Commission in its early stages, and the Legatum Foundation for their significant support of this work. The work of the Commission would not have been possible without that support, and the research, editorial and functional independence that has underpinned the Commission’s work.

The Poverty Strategy Commission would also like to thank the following organisations and people for their generous support for the work of developing a new poverty strategy for the UK:

- Joseph Rowntree Foundation;
- Calouste Gulbenkian Foundation (UK Branch);
- Jon Moulton; and
- Stuart Roden.

ACKNOWLEDGEMENTS

The work of the Commission and this report would not have been possible without the support of the Secretariat and Technical Teams. Particular thanks go to Edward McPherson, Matthew Beebee and Matthew Tibbles.

CONTACTING US AND CONTRIBUTING

We welcome discussion on these issues and would appreciate constructive feedback and comment on our approach. To contact the Commission’s secretariat, please use the following email address:
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Poverty in the UK is too high and the experiences of many people in poverty are now getting worse. Governments of all colours have worked hard to change that picture, but as a society, we have failed to make significant progress. In addition, there is also a lack of consensus on how to change this picture into the future. I founded the Poverty Strategy Commission in 2022 to try and address this. The Commission’s core goal is to build consensus on an approach that could be successful in eradicating deep poverty and reducing overall poverty significantly and sustainably.

Over the last 18 months, we have brought together Commissioners including policymakers and thinkers from the left and right of politics, technical and policy experts, those delivering services on the ground and others working directly with people in poverty to start to develop this thinking. We have developed an Advisory Group of close to 50 organisations and individuals, brought together business leaders and local and national policymakers, and worked with people with lived experience of poverty so that their views and experiences could shape the direction of our work and its ultimate outcomes.

The perspectives and views of each of the people involved have varied significantly, but each has emphasised the need to tackle UK poverty and for there to be a stronger, better-coordinated approach. That is the key theme of this interim report from the Poverty Strategy Commission; we need a coordinated cross-societal approach that runs as a thread through all the different interventions that will be required.

From that starting point, this report outlines a framework for how that approach could be developed. First, it shows how tackling poverty will not just mean thinking about how incomes can be increased. Of course, more and better paying jobs and the social security system play a central role, but equally important will be ensuring that the costs of childcare, housing and disability (amongst others) are reduced or better managed, and that financial resilience (including increased savings and reduced debts) is strengthened. It will also be essential to ensure that the outcomes of those in poverty are improved. Ultimately, people would have more chance of exiting poverty in future, or avoiding poverty altogether, if they had better skills, stronger family and community relationships and better physical and mental health. An effective cross-society strategy for tackling poverty must focus on all of these areas.

Secondly, our work has highlighted that the approach to tackling poverty must be underpinned by a clear social contract. First and foremost, this needs to be based on the principle that no-one in the UK should have to live in deep poverty. The growth of deep poverty over the last two decades is simply unacceptable in an advanced economy. More broadly, the contract needs to articulate the expected actions of government, individuals and families, businesses and civic society in tackling poverty. It should be structured to ensure that, where all parties are upholding their part of the contract, people are not in poverty. For example, where the social contract does not expect people to work (because of a health condition or caring responsibility), the social security system should ensure that they are not in poverty.
Where individuals are expected to work, the combination of meeting those work expectations, the pay they are offered and any additional support from government should ensure they are not in poverty after taking into consideration the costs including the housing they need to live in and the childcare they need to be able to work.

The implications of the Commission’s work to date are clear: an effective approach to tackling poverty needs to be comprehensive and governments, businesses, civic society organisations and families and communities themselves will not be successful in making a difference if they work on their own. By working together, and developing a strong social contract, we could make a real difference to poverty in the UK. We hope this report is the first step towards making that a reality.

Baroness Philippa Stroud
CEO of the Legatum Institute
EXECUTIVE SUMMARY

Poverty in the UK is too high and has a range of damaging consequences for the individuals in poverty themselves, their families and communities, and the whole of society. Despite significant action from governments of all colours, particularly over the last three decades, the overall rate of poverty in the UK has remained stubbornly high, a third of children are in poverty and 7% of the population is in deep poverty.

While some progress has been made in reducing poverty amongst certain groups, including pensioners and lone parents, these gains have started to be reversed. Deep poverty has become more prevalent and there has been little progress in closing the resilience gaps in outcomes like health, education, family stability and labour market opportunities experienced by people in poverty. The twin challenges of the COVID-19 pandemic and subsequent cost-of-living crisis have only served to deepen these challenges. Whilst the pandemic brought poverty to the forefront of public discourse, there remains no consensus on whether and how to tackle poverty in the UK, and whose responsibility it should be.

That is why the Poverty Strategy Commission was formed in 2022. Its goal is to build consensus around the need to tackle poverty in the UK and the tools and approaches that could be successful in doing so. We hope to prompt action that ensures that, in future, UK poverty is significantly and sustainably lower than it is today, that deep poverty is eradicated and, for those who do experience poverty, outcomes are improved and the chances of people building lives free of poverty is increased.

A NEW FRAMEWORK FOR TACKLING UK POVERTY

This interim report presents the headlines from the first tranche of work undertaken by the Commission. One of the key findings is the quantification of the scale of the poverty challenge facing society. This is explored by looking at the increase in resources (including increased incomes and assets and reduced costs and debt) that would be needed to ensure that each family currently in poverty would no longer be in poverty. Overall, the Commission’s analysis shows that this “resource gap” stands at £36bn a year. That means that perfectly targeted interventions resulting in an increase in resources of £36bn for those in poverty could eradicate UK poverty. While this degree of targeting is unlikely to be possible, this figure provides a useful benchmark for the level of increase in resources it would take to make a meaningful difference to poverty in the UK.

Throughout its work, the Commission has been clear that this £36bn is not a spending ask of Government or business. Increases in resources can come through a range of ways including reduced costs, increased working hours, improved health, greater family stability, higher productivity and reduced debt. None of these necessarily require governments or businesses to spend money. In fact, as well as reducing poverty, many of them would simultaneously improve growth and profits and benefit the Exchequer.
Instead, the £36bn provides an initial benchmark of what an approach from actors across society might look to achieve. The key here is the idea of shared responsibility and a common purpose. This has been informed by our work with a broad range of stakeholders. We have heard from:

- Businesses already seeking to support their workforces and looking to do more;
- Policymakers in local authorities, Mayoral Combined Authorities, devolved administrations and the UK Government, who are looking to use the tools and convening power they have to improve families outcomes; and
- From people in poverty about their experience of being in poverty and action they believe they could take.

A common theme has been the need to look holistically at the issue of poverty, working cross-issue and cross-society as well as cross-Government to tackle poverty.

**ACTION UNDERPINNED BY A CLEAR SOCIAL CONTRACT**

This idea of shared responsibility and collective action has underpinned the development of a new framework for tackling poverty created by the Commission and outlined in this report. Building on the poverty measurement framework created by the Social Metrics Commission, it shows that:

1. **Tackling poverty in the UK is an issue for the whole of society.** Reducing poverty will require significant and sustained action from businesses, civic society and individuals and families in poverty themselves, as well as direct and supporting actions from central, national and local governments.

2. **It is not enough to just look at incomes.** The increasing costs of housing and the cost-of-living crisis are just two areas which highlight the need to look at how to reduce costs for families in poverty. Financial resilience also needs to be increased to ensure that more families have savings that can insulate them from poverty in difficult times and that they do not accumulate significant debt. More broadly, improved mental and physical health, better qualifications, more stable families and communities and better labour market opportunities are all key ways in which poverty can be tackled.

For many, these observations will come as no surprise. However, this is not currently how poverty is being tackled, and adopting this approach would mean a step-change in how, as a society, we look to reduce poverty levels. A key example of the change needed will be to ensure that our approach to tackling poverty is underpinned by a clear **social contract**. This social contract would outline the responsibility of each actor who has a part to play in the reduction in poverty. The Commission’s work has shown that, although a social contract is frequently referred to, such a social contract does not currently actually exist in the UK. However, broad principles of an implicit social contract can be inferred from existing government policy choices, but this report shows that this implicit social contract is not currently being upheld either. In particular:

- Whilst social security policy appears to be, at a minimum, focussed on ensuring families can avoid destitution, 31% of people in poverty are in deep poverty.
• The social security system is set up to provide unconditional support (with no work or work search requirements) to some families with caring responsibilities and to those unable to work because of a health condition or disability. However, that support leaves many that rely on it living in poverty. Some 37% of people in poverty are not required to work, but their benefits are set at a level that is insufficient for them to avoid poverty.

• One in five people in poverty (23%) live in families where all the adults work full time; meaning that the combination of the wages being paid by businesses and support provided by the social security system are not sufficient for them to avoid poverty after accounting for their inescapable costs.

• Whilst the rules in the social security system set lower expectations of the amount of work expected for people with young children and families that include a disabled person, even when these families fulfil these expectations, many remain in poverty. One in five (20%) people in poverty are in families that fulfil reduced work expectations. Here, the combination of the expectations set, the wages paid by business and the support available through the social security system are insufficient for them to avoid poverty.

• While many businesses go well beyond the legal expectations placed on them, not all businesses fully comply with minimum wage or pensions auto-enrolment legislation. There are also other elements of business activity which have a direct bearing on poverty. For example, businesses using Statutory Sick Pay to compensate employees who are off sick are fulfilling their legal duties, but their action means that more than half (52%) of these individuals are in poverty. More broadly, there is a question about whether the current social contract places enough emphasis on the role that business could or should play in reducing poverty.

For these reasons, a key early finding of the Commission is that it believes that any effective poverty alleviation strategy must be underpinned by a comprehensive, sustainable, and fair social contract. Developing this will require government to bring together sometimes conflicting views on the balance of responsibilities between different actors. To inform this, at a minimum, the Commission believes that, where all actors are upholding their part of the social contract, no-one should be in poverty. For example, this would mean that:

• Those working as much as expected by the new social contract, should not be in poverty.

• Those that the new social contract suggests should not be expected to work (because of disability or caring responsibilities), should not be in poverty.

• Pensioners who have contributed as much as required by the new social contract in their working lives, should not be in poverty.

• No-one should be in deep poverty.
AN APPROACH THAT USES ALL THE LEVERS AVAILABLE

Another area of research for the Commission has been to better understand how effective different poverty-tackling levers might be. We have done this by analysing the poverty impact of various hypothetical changes to outcomes for people in poverty.

Areas considered include:

- **An increase in net income**, delivered through an increase in the family’s earnings or benefit income.
  - Increasing earnings by 5% for people in poverty would reduce poverty by 515,000.
  - Increasing benefit awards by 5% for people in poverty could reduce poverty by 725,000.

- **An increase in liquid assets**. A family in poverty may not be able to save or accumulate assets, however, saving in good times can insulate families against shocks in the future. Ensuring that people build up savings buffers before they are in poverty could reduce poverty by 415,000.

- **A reduction in costs**. A fall in the costs of housing, childcare and disability can help to reduce poverty. Lowering housing costs by 5% for people in poverty could reduce poverty by 355,000.

- **Improving the lived experience**. For example, enhancing relationships and networks; education and qualifications; physical and mental health; financial capability; and labour market outcomes can affect the experience of poverty and the ability of people to create their own pathway out of poverty. For example, ensuring that everyone in poverty has at least some basic formal qualifications could reduce poverty by 115,000.

WHAT NEXT?

This report outlines the core part of the Commission’s framework for tackling poverty and a range of analyses showing how changes to incomes, assets and debt, costs and the lived experience of people in poverty could move the dial on poverty. It has also shown how bringing those changes together will require action from actors from across society, underpinned by a clear social contract. Our work over the coming months will take this analysis and use it to develop clear proposals for action for business, civic society, people in poverty themselves and national, central, and local governments. In taking this work forward, we will continue to consult with the widest range of stakeholders possible and hope to publish our final report in early 2024.
INTRODUCTION: ABOUT THE COMMISSION

WHY THE COMMISSION WAS FORMED

Prior to the pandemic, 13.9m people in the UK were judged to be in poverty. More than three in ten (31%) of these were in deep poverty. Half were disabled themselves, or living with someone who was disabled. Even amongst families where all adults worked full time, one in ten (9%) were in poverty.

The negative impacts of poverty on individuals, families and communities were clear. A range of sources, including people in poverty contributing to the PSC’s work, describe life in poverty as “surviving, but not living”. Poverty leads to poor health, worse outcomes for children, strained mental health and family relationships and, ultimately, shorter lives.

The pandemic only served to emphasise the negative impacts of poverty. It has become clear that, while the health, economic and social impacts of the pandemic have been felt right across the UK, those impacted most have been those who were already struggling. The subsequent cost-of-living crisis has further impacts on the same people and families.

Across the country, policymakers are all now focussed on this issue. The PSC’s engagement with policymakers in local authorities and Mayoral Combined Authorities has uncovered significant action and attempts to bring together business and civic society to tackle poverty, along with a desire to do more to increase the impact they have. At the national level, as politicians and the country look towards the next General Election, there is a real opportunity to ensure that, whatever the nature of the next Administration, it prioritises action on poverty and can coordinate action that can make a meaningful difference.

For this local, regional and national activity to make the impact it needs to, a consensus around the need for action on poverty will need to be built. Following this, there is a need for a clear articulation of what we can do as a society to make a meaningful difference to poverty in the UK. That consensus does not currently exist and meaningful action is limited by political debates on whether and how to act to reduce levels of poverty.

That is the core motivation behind the PSC starting work in the Summer of 2022. In this respect, the PSC leads on from the work of the Social Metrics Commission (SMC, see box 1). In the same way that the SMC aimed to build consensus around a new measure of poverty for the UK, the PSC hopes to build consensus around the need to act, and the tools that can be used.
Box 1: About the Social Metrics Commission

The SMC was formed in 2016, with the intention of developing a new approach to poverty measurement for the UK. It was vital that this new approach both gained support from a wide range of stakeholders and improved on the measures that came before. In particular, it should be effective in both identifying those in poverty and helping policymakers to understand the experiences of those in poverty and how poverty could be reduced.

The Commissions published its first full report in 2018. Since the first publication, the Commission has published annual reports with updated results. In 2019, the Government announced that it would be developing new experimental statistics based on the SMC’s work. Following a pause in this work during the pandemic, it was recently announced that work would continue.
HOW IS THE COMMISSION RUN?

To facilitate this, the Commission’s approach has been cross-party, and non-party, and has explicitly drawn on the experiences of those in poverty themselves, as well as a range of experts from business, local and national governments and academia.

Commissioners are drawn from a wide range of backgrounds and experiences and bring a wealth of expertise with them.

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<tr>
<td>Baroness Philippa Stroud (Chair)</td>
<td>Centre for Social Policy Studies</td>
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<td>Helen Barnard</td>
<td>Trussell Trust</td>
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<td>Andrew Barnett</td>
<td>Church Urban Fund</td>
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<td>Matthew Bolton</td>
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<td>Ed Boyd</td>
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<td>Graeme Cooke</td>
<td>Joseph Rowntree Foundation</td>
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<td>Carey Oppenheim</td>
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<td>Charlotte Pickles</td>
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<td>Emma Revie</td>
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<td>Gavin Rice</td>
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<td>Stephen Brien</td>
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<td>Julian McCrae (Commissioner until 31 May 2023)</td>
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<td>Hector Sants</td>
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<td>James Timpson (Commissioner until 31 May 2023)</td>
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<td>Paul Johnson</td>
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Alongside Commissioners, the PSC has assembled a strong Secretariat and Technical Team and an expert Advisory Group that covers a diverse range of interests and policy areas. With support from external experts, the Commission is also running a significant participatory strategy, to ensure that the experiences and views of people in poverty shape the Commission’s research agenda, objectives and recommendations. More broadly, the Commission has issued a call for evidence and undertaken significant engagement with a wider range of business, policymaker and academic stakeholders to ensure that the widest range of views possible feed into the Commission’s thinking.

This report outlines the Commission’s interim findings. It outlines the analysis that has framed the Commission’s work and presents the Commission’s views on its overall objectives and policy framework. The Commission is seeking feedback and engagement on this, before it continues its work in the Autumn and publishes its final report in early 2024. Our hope is to provide local, regional and national policymakers of all parts of the political spectrum and, importantly, businesses, individuals and civic society, the framework and tools needed to create an effective approach to tackling UK poverty.
HOW THE COMMISSION MEASURES POVERTY

The PSC was set up to follow on from the Social Metrics Commission (SMC). As such, it was natural that the PSC adopted the SMC’s measure of poverty as its chosen measurement framework. There are three clear reasons to do so.

Understanding the scale and nature of poverty

One of the key advantages of the SMC’s approach to poverty measurement is that it allows for a more comprehensive analysis of the scale and nature of poverty. In particular, the measure:

- Accounts for a wider range of material resources available to families than traditional income-based measures. This includes the liquid assets that families have and that could be used to meet their day-to-day needs.
- Accounts for the inescapable costs that some families face that make them more likely to experience poverty. These include housing costs, childcare costs, and the extra costs of disability.
- Assesses poverty depth and persistence, so that the severity of poverty and timescale over which it is experienced can be assessed.
- Captures Lived Experience Indicators, which demonstrate the differences in outcomes between people in poverty and those not in poverty, across a range of different domains. This includes skills and employment, family and community relationships, physical and mental health and family finances.

Together this means that the measure is better able to capture the drivers of poverty and the differences in experiences that different groups, individuals and families have.

Designed to support policymakers

This broad assessment of poverty is key for ensuring that the understanding provided by the measure can be used to inform effective approaches to tackling poverty. In particular, the measure lends itself to ensuring a holistic view of poverty reduction is taken, with explicit consideration not only of net incomes but of assets, debt, the costs that families face and the role of longer-term factors like skills, family stability, mental and physical health and community engagement.

Support of a broad coalition of stakeholders

Since its 2018 launch, the SMC’s approach has received support from a wide range of stakeholders. This included endorsement from the Work and Pensions Select Committee, a letter of support from around 70 organisations, and support from the National Statistician and the Office of Statistics Regulation. Reflecting this broad range of support and the user demand for the measure, the Department for Work and Pensions has committed to developing experimental statistics on poverty based on the work of the SMC.

SECTION 1: POVERTY IN THE UK

The Commission’s starting point was to use the SMC’s measure of poverty to analyse and understand the extent and nature of poverty in the UK. The Commission’s initial analysis has focussed on five key themes. These are outlined below.

OVERALL RATES OF POVERTY HAVE REMAINED HIGH

Despite significant efforts from Governments of all colours (and success for some groups, with reductions in child poverty at some points and significant falls in poverty amongst pension-age adults and lone-parent families), we have hardly moved the dial on poverty in the UK over the last two decades, which has sat between 21% and 24% since early 2000s.

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WHERE THERE HAS BEEN PROGRESS, IT HAS STARTED TO BE REVERSED

Whilst the headline rate of poverty has been stubbornly high, the last 20 years has seen significant progress in reducing poverty for some groups. For example, poverty rates for both pensioners and lone parents have reduced significantly since the start of the century, as a result of sustained government action. However, for both of these groups, progress has recently stalled or been partially reversed. This shows that action from government can be effective in tackling poverty but, on its own, may not drive a sustainable reduction.

- **Pensioners**: In 2000-01, pension-age adults faced a poverty rate of 18%, only slightly lower than the overall 23% poverty rate. By 2014-15, this had fallen to 9%. This fall in pensioner poverty rates was driven by a variety of factors, including rising incomes from private pensions and increased government support through the introduction of Pension Credit and the double-lock (later the triple-lock) on the state pension. However, since 2014-15 the pensioner poverty rate has risen to 12% in 2019-20.

- **Lone parents**: There was significant progress in reducing the rates of poverty faced by lone parents, with the poverty rate falling by 14 percentage points between 2000-01 (61%) and 2013-14 (47%). However, this progress has since stalled, with the poverty rate for lone parent households rising to 52% by 2019-20.

EXPERIENCES OF POVERTY ARE DETERIOATING

The first aspect of this can be seen in the fact that the rate of deep poverty (those more than 50% below the poverty line) has increased from 5% in 2000-01, to 7% in 2019-20. The impact of this should not be underestimated. If the rate of deep poverty today were the same as it was in 2000-01, some 1.1 million fewer people would now be living in families in deep poverty. This means that those in deep poverty are forming an increasing proportion of the overall group in poverty. In 2000-01, 22% of those in poverty were in deep poverty. By 2019-20, this had risen to 31%.


The rate of persistent poverty (measured as being in poverty this year and at least two of the previous three years) has also increased: in 2014-15, 10% of people were in persistent poverty; in 2018-19, 13% of people were in persistent poverty. Families in poverty are increasingly likely to be spending longer in poverty.
The increasing depth and persistence of poverty in the UK will have a significant impact on how poverty is experienced. Evidence suggests that those who are in deeper poverty or in poverty for longer, experience worse outcomes on a number of key dimensions, including education, health, family stability, community support, financial stability, and labour market opportunity.

The SMC’s Lived Experience Indicators provide an insight into many of these areas. Table 1.5 shows that across a range of these indicators, those in poverty suffer worse outcomes than those who are not in poverty, and that those in persistent poverty often see worse outcomes than the broader group of people in poverty. For example, nearly four in ten (37%) of people in persistent poverty live in families where one or more adults reports to have poor mental health, compared to 26% of those not in poverty.
### Table 1.5 – Lived Experience Indicators (LEIs) for by poverty status, and for those in persistent poverty.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Family is not in poverty</th>
<th>Family is in poverty</th>
<th>Family is in persistent poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>All adults have highest qualification that is below 5 A*-C GCSEs or equivalent</td>
<td>17</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>One or more adults in family with poor self-reported physical health</td>
<td>21</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>One or more adults in family with poor self-reported mental health</td>
<td>26</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>Single adults or lone parents</td>
<td>30</td>
<td>46</td>
<td>42</td>
</tr>
<tr>
<td>Adults in family rarely or never feel close to others</td>
<td>5</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>One or more adults in family feels unsafe walking alone at night</td>
<td>22</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>One or more adults in family thinks people in their neighbourhood cannot be trusted</td>
<td>9</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>One or more adults in family with low life satisfaction</td>
<td>10</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Family is behind in paying bills</td>
<td>7</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>No adult in family saves</td>
<td>32</td>
<td>65</td>
<td>69</td>
</tr>
<tr>
<td>One or more adults in family has felt embarrassed by low income</td>
<td>22</td>
<td>43</td>
<td>49</td>
</tr>
</tbody>
</table>

IT IS NOT ENOUGH JUST TO LOOK AT INCOMES

Attempts to boost incomes of those at risk of poverty have been, and will remain, a key part of any cross-societal approach to tackle poverty. However, the Commission’s early work identified that it is unlikely that a sole focus on incomes will be enough to make a long-term and sustainable difference to poverty in the UK. The costs of housing, childcare and disability all have a significant impact on families experiences of poverty – as does the presence of a savings buffer and the need to pay back debt.

- **Housing costs** are the most significant cost faced by many families. Housing costs vary significantly by housing tenure, with private and social renters typically paying a far greater proportion of their income in housing costs than those who own their homes. Across the UK, private renters living in poverty spend close to half (47%) of their net income on housing costs, on average. Problems are particularly acute in high-cost areas of the country. Most notably, in Inner London, where private renters in poverty spend on average 71% of their net income on housing costs. Including housing costs in the SMC’s measure of poverty increases the poverty rate by 4.4 percentage points.

- **Childcare**: For families with children, childcare costs are often a considerable ongoing expense. Families in poverty with childcare costs spend 16% of their household net income on childcare compared to 7% of household net income for those who are not in poverty. But these figures likely understate the impact that childcare costs have on low-income families with children. Because childcare costs are prohibitively expensive, many parents will reject paid work, or take on more flexible working arrangements, which is likely to reduce their earnings potential in the long run. Including childcare costs in the SMC’s measure of poverty increases the poverty rate among families with children by 0.4 percentage points. Whilst changes announced in the 2023 Budget could improve affordability, it is likely that many families will continue to face challenges juggling work, home and the costs of childcare.

- **Additional costs of disability**: Families that include a disabled adult or child face higher costs than families that do not include a disabled person. The additional costs of disability are not captured in most relative poverty metrics, causing them to under report the incidence of poverty among disabled people. Including an account of these costs increases the poverty rate by 1.0 percentage points.

- **Assets and debt**: Families in poverty are far less likely to have significant assets or savings. For example, almost two-thirds (65%) of those in poverty live in a family in which no adult saves, compared to just under a third (32%) of those who are not in poverty. The median family in poverty has no liquid assets at all, while the median family outside of poverty has liquid assets of around £4,500. This matters, because it means that families are more likely to run into financial difficulties when they face an unforeseen expense or suffer an income shock, like the loss of employment or difficulty with their benefits. Poverty rates after considering assets and debt are 3.2 percentage points higher.
OTHER COSTS

As well as the costs already covered in the SMC’s measure, there are a wide range of other costs that families face, which can put them under additional pressure. When there are large changes to these, or the costs are focussed on those in poverty, or particular subgroups in poverty, they can have a significant impact on the extent and nature of poverty.

A recent example is the significant increase in energy prices has put strain on family finances: three-quarters (75%) of adults have reduced the amount they consume and nearly half (44%) of adults have used their savings to make ends meet. Using an extended version of the SMC’s poverty measure, suggests that if the cost of household energy bills are included in assessments of poverty, rates of poverty would have risen significantly over the last two years.

Other examples include the costs of travel (in particular, commuting), the poverty premium seen in motor insurance and the potential long-term impacts of the UK’s commitment to net zero and what this will mean for the costs faced by families in poverty. As the Commission continues its work, it will take the broadest view of the potential costs that families are facing and factor these into the SMC’s measure of poverty where needed.

OUR SOCIETAL APPROACH IS NOT WORKING FOR SOME

Sections below explore the discussions that the Commission has had around the lack of an explicit social contract in the UK, the implicit social contract that does exist and what this means about our approach to tackling poverty. While the Commission’s focus has been on all people in poverty, this was informed by the observation that poverty rates remain high even amongst several key groups, including those working full time, those above the pension age, children and disabled people and their families. Given the focus of existing government policy and support for these groups, poverty in these groups was seen as a warning sign that the approach overall is not working.

Poverty and work: Work remains a key factor in tackling poverty. Families without work are most likely to be living in poverty: 68% of workless families are in poverty. However, even amongst families where all adults work full time, one in ten (9%) are in poverty. This means that more than one in five (22%) of all people in poverty, live in a family where all adults work full time. Poverty rates amongst those working less than full time are higher and, combined with increases in levels of employment in the UK (in 2006, 15.7% of children were in families where nobody worked, falling to 10.3% by 2020)\(^4\), this means that families with some work are making up an increasingly large majority of those living in poverty: by 2019-20, 63% of those in poverty lived in a family in which someone works.
Poverty and disability: For those who cannot work because of a health condition, disability or caring responsibility, the social security system has been set up to provide financial support. However, families that include a disabled person are far more likely to be in poverty than those that do not include a disabled person. More than a quarter (27%) of those in families that include a disabled person live in poverty. This compares to 17% of those in families that do not include a disabled person. Half (50%) of all people in poverty are disabled themselves, of living with a person who is disabled.
Poverty and children: A wide range of evidence demonstrates the long-term and significant impacts of poverty on children’s future life outcomes. However, poverty rates for children remain markedly higher than for adults and pensioners, and the youngest children face the highest poverty rates. As a result, on their own, children represent some 32% of the total population in poverty in the UK (compared to just 21% of the overall population). More broadly, some 57% of those in poverty live in a family that includes a child. As a society, our approach to tackling poverty is clearly not working for these children and families.

WHAT THIS MEANS FOR THE COMMISSION

For the Commission’s work to be successful in making a meaningful contribution to tackling UK poverty, it was central to take a view on the nature of poverty in the UK today, and to learn the lessons of the previous two decades. As such, bringing together the analysis above provides a baseline for the Commission’s motivation and approach to tackling poverty. There are five key themes:

- **UK poverty has been stubbornly high and requires action from all actors.** More of the same approach will not work. Public debate has often focused on what government alone can do, but a new, holistic approach must be taken, with stronger action from government combined with action from business, community and by individuals and families in poverty themselves.

- **Where there has been progress, it has started to be undone.** Any new settlement on poverty will need to involve a sustainable balance of action from these different actors, so that improvements are not unwound over time.

- **Experiences of poverty are getting worse.** The depth of poverty experienced has worsened and families in poverty experience significant resilience gaps with respect to a wide range of indicators, including education, health and family outcomes. Any approach to poverty reduction must consider not only headline poverty numbers, but the experiences and opportunities available to those living in poverty.

- **It is not enough to just look at incomes.** High costs are a significant driver of poverty, and we see a wide range of other factors, including education, family, financial resilience and a lack of access to public services that are at the heart of UK poverty. As such, using the SMC’s framework, the Commission will consider measures not just to increase incomes, but to reduce costs and debt, increase assets and improve lived experience of families.

- **Our societal approach is not working for many.** Key examples include those in full time work, disabled people, children and pensioners, who all still experience poverty. Whilst the Commission is focussed on everyone in poverty, the experience of poverty for these people, and their families, despite significant existing policy action, underlines the fact that our societal approach is currently failing to offer adequate protection.
SECTION 2: WHAT ARE THE OBJECTIVES OF THE COMMISSION?

Building on this articulation of the Commission’s motivation, the next task was for the Commission to set out a clear view of what it is looking to achieve. Whilst this might sound obvious, setting objectives has allowed the Commission to focus its research and attention on a realistic and achievable goal.

The starting point was for the Commission to understand the scale of the conceptual challenge that poverty presents in the UK. It did this by creating estimates of the “resource gap” that each family in poverty has. This shows the change in resources (either by increasing incomes or assets or reducing costs and debt) that would be needed for each family to no longer be in poverty. The average resource gap across the six million families in poverty is around £6,000 per year. There is a wide variation in these resource gaps, depending on the depth of poverty families experience and their characteristics.

Looking across the population in poverty, that means that the total resource gap amounts to £36bn per year. In other words, if we were able to perfectly target interventions that have the impact of increasing incomes and assets and reducing debt and costs to the value of £36bn, poverty could be eradicated in the UK.

Of course, in practical terms, it is not possible to perfectly target responses in this way. It would also be desirable to increase resources more than this to ensure that families have a buffer between them and poverty. An effective anti-poverty strategy is also likely to need to build resources and resilience amongst those not currently in poverty, but who are at risk of poverty in future. Overall, this means that the required level of increase in resources is likely to be significantly higher than this.

However, this conceptual tool provides a way for the Commission to set a quantifiable objective; action from business, government, civic society and people, communities, and families themselves, to achieve an increase in resources to the value of at least £36bn for those in poverty.

It is important to emphasise here that this is not a call for the government, or business to spend £36bn. Increases in resources can come through a range of routes, including reduced costs, increased working hours, improved health, greater family stability, higher productivity and reduced debt. Unlocking these changes through a combination of interventions would not only reduce poverty, but would simultaneously improve growth and profits, generate savings and benefit the Exchequer.
With the scale of the goal set, it was then important for the Commission to outline a set of criteria beneath this, in order to ensure that this increase in resources had the biggest possible impact on poverty. These objectives were split between action on deep poverty, poverty and the improvement of the lived experience for those in poverty (both in terms of their immediate experiences, and the factors which might make it more likely that they can exit poverty in future).

The Commission’s work will put forward credible options for how action from business, government, civic society and people, communities, and families in poverty themselves could lead to a sustained increase of the resources available to people in poverty of at least £36bn per year. In doing so, it will aim to have the largest possible impact in terms of:

1. Eradicating deep poverty.
2. Poverty rates which are significantly and sustainably lower than now.
3. For those who do experience poverty:
   - A reduction in the depth of poverty; and
   - A reduction in the length of time spent in poverty.
4. An improvement in outcomes across a range of factors that impact on the likelihood of poverty, or that make the experience of poverty worse including family, education and skills, mental health, debt and employment status.

HOW DO WE THINK THIS COULD BE ACHIEVED?

The use of the SMC’s poverty framework provides a practical route through which the Commission began to assess how this increase in resources of £36bn a year could be achieved. In this respect, the Commission began to think about the direct “levers” through which resources could be increased. These levers are the direct routes through which the SMC’s measure of resources can be impacted. They cover increasing incomes, reducing costs and debt and increasing assets.

The Social Metrics Commission’s framework of poverty also considers factors beyond the material resources available to a family. Lived Experience Indicators (LEIs) assess the experience of families in poverty across five domains:

- Family, relationships and community;
- Education;
- Health;
- Financial stability; and
- Labour market opportunity.
Aspects of each of these can also be seen as levers, with improvements in these areas feeding through into impacts on the TRA levers.

**Figure 2.1: Elements of the SMC’s poverty framework that could increase resources**

- **Net income**
- **Other available resources**
- **Weekly measure of available assets**
- **Weekly mandated debt repayments**
- **Inescapable family-specific costs**
- **Recurring housing costs**
- **Childcare costs**
- **Extra cost of disability**

**TRA levers**

**Other levers**

Lived Experience Indicators, including:
- Family and community
- Mental and physical health
- Education and skills
Finally, when using this framework, it was clear to the Commission that actions from a wide range of actors across society could be successful in driving changes in these levers. Table 2.1 shows examples of how the use of the SMC framework can be linked to a wide range of interventions from a wide range of actors.

<table>
<thead>
<tr>
<th>SMC Lever</th>
<th>Potential avenues for poverty reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>- Individuals taking on more hours of paid work</td>
</tr>
<tr>
<td></td>
<td>- Businesses increasing hourly pay or providing more certainty over hours and opportunities to progress to better-paid jobs</td>
</tr>
<tr>
<td></td>
<td>- Tax and benefit changes that support those on low incomes</td>
</tr>
<tr>
<td></td>
<td>- Action by local authorities and the voluntary and community sector to support benefit take up or give financial advice</td>
</tr>
<tr>
<td>Available liquid assets</td>
<td>- Increased savings amongst low-income families</td>
</tr>
<tr>
<td>Debt repayments</td>
<td>- Reducing problem debt – including reduced impact of council tax debt and, more broadly, how local and central Governments act as a lender and recover debt</td>
</tr>
<tr>
<td></td>
<td>- Support from financial services sector</td>
</tr>
<tr>
<td>Recurring housing costs</td>
<td>- Changes to how housing costs are supported for low-income families</td>
</tr>
<tr>
<td></td>
<td>- Increased supply of private or social housing, focussed on providing genuinely affordable homes</td>
</tr>
<tr>
<td>Childcare costs</td>
<td>- Greater financial support for the costs of childcare</td>
</tr>
<tr>
<td></td>
<td>- Market-based solutions to improve the affordability of childcare</td>
</tr>
<tr>
<td>Extra costs of disability</td>
<td>- Greater financial support for disabled people</td>
</tr>
<tr>
<td></td>
<td>- Market-based solutions to reduce extra costs faced by disabled people</td>
</tr>
<tr>
<td>Lived Experience Indicators</td>
<td>- Improved skills and education policy</td>
</tr>
<tr>
<td></td>
<td>- Increased support for mental and physical health, including through workplaces/employer</td>
</tr>
<tr>
<td></td>
<td>- Policies to support family stability</td>
</tr>
</tbody>
</table>
Figure 2.2 brings all of this together to show how this cross-societal approach could lead to the creation of resources for families in poverty of at least £36bn per year.

Figure 2.2: How the Commission has thought about increasing resources for families

<table>
<thead>
<tr>
<th>Action from...</th>
<th>Leads to impact on direct levers</th>
<th>...and indirect levers</th>
<th>...that leads to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses – in their role as employers and also in how they engage with consumers</td>
<td>Increase incomes</td>
<td>Increase assets / reduce debt</td>
<td>Creating resources worth at least £36bn</td>
</tr>
<tr>
<td>Local, national and UK governments, through their policy interventions, convening and supporting others to act and directly through its role as an employer</td>
<td>Reduce costs</td>
<td>Lived Experience Indicators, including: Family and community Mental and physical health Education and skills</td>
<td></td>
</tr>
<tr>
<td>Individuals and families in poverty themselves and the communities and civic society actors that support them</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Reduction of costs
- Increase in incomes
- Increase in assets/reduction of debt
Based on the framework outlined above, the Commission has been working over the course of the last year to develop initial ideas for how poverty can be tackled in the UK. This has been informed by a call for evidence, with around 50 responses from organisations and institutions working with and for people in poverty. It has also been informed by a significant programme of participatory work engaging with those with lived experiences of poverty. This work has been supported by the Trussell Trust and ATD Fourth World and has been approached across two broad phases:

- **Phase One:** To gain a fuller understanding of the lived experience of those in poverty that has fed directly into shaping and guiding the work of the Commission, and informed its thinking on the actions and policies it would seek to include in an anti-poverty strategy.

- **Phase Two:** As an integral means of gaining insight and feedback on the effectiveness of those actions and policies the Commission is considering to reduce poverty.

Alongside this, roundtable discussions have been hosted with local authority anti-poverty leads and Living Wage Employers to understand what more local government and business could be doing to tackle poverty. Each of these have fed into the Commission’s thinking to date.

The Commission has much to do over the coming months in order to pull together a full set of analyses and recommendations. However, it is now at a stage where it is seeking input and feedback on two specific areas of work that have been developed most over the last year:

- **The Social Contract.** Where work has focused on assessing the need for a social contract in the UK, the extent and nature of the existing social contract and whether its principles are being upheld; and

- **What moves the dial?** Where work has focussed on understanding what it would take (in terms of the outcomes for people in poverty) to make a meaningful difference to poverty in the UK.

A summary of this work is provided below.
This report has already outlined the Commission’s belief that a wide range of actors will need to work together if we are to see a significant and sustained reduction in poverty across the UK. The need for a joint response to poverty is underpinned by the fact that action by one party is unlikely to be possible, or effective, without action from others. For example:

- Government support to help people into work, or to increase skills, will be ineffective if people do not take up that support.
- The productivity rises needed to support an increase in earnings across society are a collective result of actions by governments, individuals and businesses themselves to invest in human and physical capital, as well as the regulatory and policy framework.
- Civic society cannot provide targeted support to those in need, without the funding required from a range of philanthropic and government-based sources.

This suggests that effective action needs to be driven by a joint and collective responsibility for tackling poverty in the UK. It is the Commission’s view that this joint and collective responsibility needs to be codified in a social contract; an agreement between each of the actors about what they should be doing to support a reduction in poverty.

The headline principle behind this social contract should be simple; when all actors are fulfilling their responsibilities, people should not be living in poverty. To get to this point, a range of questions would need to be answered, in order to determine the responsibilities of each of the actors. For example:

- Is there a level of income/resources below which nobody should fall?
- Should there be a level of work, earnings or contribution (e.g. caring), where people achieving this are guaranteed to not be in poverty?
- What are the requirements placed on individuals and families in order to receive state support? What are the family or health circumstances under which individuals or families should not be expected to work at all (or work less) and should they be guaranteed to not be in poverty?
- To what extent should those not expected, or not able, to work because of their age (including children and those above pension age) be free of poverty? For those above pension age, to what extent should this rely on their previous levels of contribution?
- What are reasonable costs when considering poverty (e.g. if a family choose to live in an expensive house, and has a low net income as a result, should they be regarded as being in poverty?).

The lack of definitive answers to many of these questions for the UK shows that it does not have an explicitly agreed and understood social contract that relates to poverty. Perhaps this should not come as a surprise. Views over the balance of responsibilities between the state, individual, business and civic society vary significantly. Whilst these differences in view are understandable, without a clear social contract, it will be difficult to take forward an effective cross-societal approach to tackling poverty.
THE UK’S IMPLICIT SOCIAL CONTRACT

To help the Commission understand what such a social contract might look like, work was undertaken to identify what current Government policy might infer about a social contract with regards to poverty and then, the extent to which this was being currently being upheld. This was based on the current rules and eligibility criteria of the social security system (including conditionality and sanctions) as well as the responsibilities that firms currently have. Against this we have overlaid the SMC’s measures of deep poverty and poverty.

It is important to be clear from the outset, that this is not the Commission’s view of what the social contract should look like. Instead, it simply forms a tool through which current policy and action can be assessed. Five key principles of the current implicit social contract, as it relates poverty, were identified:

1. **No one should be in deep poverty.** Society (through the Government) provides individuals and families with a financial safety net to protect them should they be out of work or on low incomes. The underlying principle appears to be that this should be sufficient to ensure the avoidance of destitution. We have assumed this should be sufficient to avoid deep poverty.

2. **Those not expected to work should not be in poverty.** Those unable to work in the long-term (because of ill health, disability or caring responsibilities), are also provided a financial safety net. This has typically been available at a higher rate than short-term benefits, suggesting an attempt to provide a reasonable standard of living. We have assumed that this should be sufficient to avoid poverty.

3. **People should do all they can to increase earnings.** Those who are judged to be able to work, but who are either currently unemployed or working less than they might be expected to, should do all they can to enter work and increase their earnings. We have assumed that this is articulated through conditionality rules (i.e., the Conditionality Earnings Threshold, where conditionality no longer applies).

4. **Those earning as much as expected should not be in poverty.** Those in work on low earnings have their incomes topped up through benefits (in an attempt to achieve a reasonable standard of living) and, in return, are also required to try to increase their earnings. Where families are earning as much as conditionality rules suggest they should, we have assumed that incomes should be sufficient to avoid poverty.

5. **Businesses need to fulfil their obligations.** Businesses have an important role to play and many go beyond what is currently required, but the current implicit social contract suggests that they have a role to play in meeting legal obligations to their staff with regards to pay and pensions.

Across each of these areas, the sections below demonstrate that these principles are not being upheld and are having a significant impact on poverty in the UK.
To understand the extent to which this is true, one of the tools we use is an assessment of the notional benefit entitlements of archetype families and assess the extent to which, combined with their expected and/or actual behaviour this would leave them in poverty or deep poverty under the SMC's measure. Box 2 provides more detail on the approach to this analysis.

**Box 2: Archetype household analysis**

Archetype analysis calculates the net income and benefit entitlement of example families. By considering the costs these families face, an estimate of Total Resources Available is calculated. Based on this, we can see whether or not these families are in poverty or deep poverty.

The following benefits are modelled:
- Child Benefit
- Universal Credit
- Personal Independence Payment
- Disability Living Allowance for children

Whilst this is a useful way of assessing the basics of a social contract, in many cases, families’ circumstances will be much more complex in real life. These complexities typically make outcomes worse than suggested below. For example:

- **Benefit take-up** – families are assumed to be in receipt of all the benefits they are entitled to. In reality, many families do not claim the benefits that they are entitled to.
- **Council tax** – it is assumed that families do not pay council tax (i.e., are in receipt of 100% Council Tax Reduction). In reality, eligibility for CTR varies by local authority, and many low-income families will pay some Council Tax.
- **Benefit deductions** – unless otherwise stated, it is assumed that no deductions are taken from a family’s UC award. In reality, deductions can be taken up to 25% of the UC standard allowance.
- **Benefit sanctions** – families are assumed to comply with their UC conditionality regime.
- **Costs of disability** – in line with the SMC methodology, extra costs are assumed to be equal to the award of PIP and DLA. In reality, the costs that disabled people face may exceed their award of extra-cost disability benefits.
Box 3: Conditionality and Conditionality Earnings Threshold in the UK’s social security system

For Universal Credit claimants in the All Work-Related Requirements group, the conditionality earnings threshold (CET) is a threshold that determines the number of hours that an individual claimant can reasonably be expected to work based on their circumstances.

It is typically set as an earnings threshold equal to 35 hours at the National Living Wage (NLW), but this may be reduced. Reasons for reducing an individual’s CET may include:

- Health conditions or illness.
- Childcare responsibilities.
- Responsibility of care for an ill or disabled person.

DEEP POVERTY

Principle: no one should have to live in deep poverty

In practice: Some 31% of those in poverty are in deep poverty (calculated as being more than 50% below the poverty line).

The reasons for this are complex and varied. For example, the archetypes below show that:

- A single person, unemployed, looking for work and relying solely on Universal Credit would be in deep poverty.
- A couple, both unemployed, with a single child and relying solely on Universal Credit would be in deep poverty if they were subject to the maximum deduction from the standard allowance. For example, this could be taken to recoup the five-week wait advance payment, or to recover legacy tax-credit debt.
- A couple with two children, with one person in part-time work and another looking after a young child, would be in poverty living in Central London on a 30th percentile rent.

For each of these examples, it must also be remembered that for many actual families, the need to pay back Universal Credit advances, experiences of very high housing costs or other deductions from their benefits could mean that, in reality, their experiences are even worse. Experiences are also worse for the under 25s who receive a lower level of benefits.
Figure 3.1 – resources available to archetype families (TRA, £ per week). All families include a single job seeking adult.


Implications: For some, benefit levels are insufficient to meet the implicit social contract. For others, their housing situation, other costs, debt or benefit deductions mean that they are in deep poverty.
THOSE NOT EXPECTED TO WORK SHOULD NOT BE IN POVERTY

**Principle:** Those who are not required to work or seek work under the current conditionality system should not have to live in poverty. Amongst others, this will include pensioners as well as those of working age who, based on the existing conditionality system, are not expected to work (e.g. adults with “limited capability for work-related activity”, or lone parents caring for young or disabled children).

**In practice:** Overall, we estimate that 37% of all people in poverty are living in a family that has no work expectations.

Archetypes below show that a single disabled person, living alone, would be in poverty under the standard award of UC. Similarly, a lone parent with a young child (aged two or younger) would be in poverty. Again, deductions from benefits and high costs faced by many families would make the experiences of actual families worse than these simple archetypes.

**Figure 3.2 – resources available to archetype families (TRA, £ per week), relative to the SMC poverty line and deep poverty line. All adults older than 25.**

(A) Single disabled person  
(B) Lone parent with a young child  
(C) Lone parent with a disabled child  
(D) Couple family, both adults are disabled

**Source:** PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20).

**Implications:** For those not expected to work, benefit levels are often insufficient to meet the implicit social contract.
**PEOPLE SHOULD DO ALL THEY CAN TO INCREASE EARNINGS**

**Principle:** People claiming benefits should do all they can to increase their earnings to the level expected as set out by the conditionality rules.

**In practice:** Two in five (40%) of those in poverty are in families that have some work expectation, and who do not meet that expectation. These families face a significantly higher poverty rate than those families who meet that work expectation. Of those in working families that do not meet their work expectation, 55% are in poverty. This is no better than the poverty rate of 53% that faces workless families with some work expectation.

Under the current implicit social contract, those who are not earning as much as expected are obliged to try to increase their hours or their pay. Successfully doing so would significantly reduce their risk of being in poverty.

The archetypes below cover a single person, aged over 25, with no dependents. If they work 16 hours a week at the National Living Wage (NLW), they will be in poverty. If they move into full-time employment, they would not be in poverty.

**Figure 3.3 – Total resources available (£ per week), poverty line, and deep poverty line, for a single adult aged over 25 with no dependents, at various levels of earnings.**


**Implications:** There are a range of reasons why people may not be working the number of hours or earning as much as they are currently expected to. For some, there may be an element of choice, whereas for others their options may be constrained by the availability of additional hours, higher-paid jobs or contracts that offer guaranteed hours, their caring responsibilities, inadequate transport, childcare or other services, or because their skills and experience are insufficient to warrant higher pay. Another alternative is that expectations around the hours worked for some groups could have been set too high.
THOSE EARNING AS MUCH AS EXPECTED

**Principle:** If a family is earning at or more than outlined in the Conditionality Earnings Threshold, they should not be in poverty.

**In practice:** Over one in five people in poverty (23%) live in families that meet or exceed the expectations of work that are set out in current conditionality requirements.

The reasons for this are complex. Figure 3.4 shows that, for many households working as much as expected, even work at the National Living Wage (NLW) will mean that they are not in poverty. However, for others, their circumstances mean that is not the case. The Commission’s analysis suggests that there are two key drivers of this:

- Many of those in this group (60%) have caring responsibilities which mean their work expectations are reduced. For example, those with young children have work expectations reduced. This means that they are meeting their expectations at lower levels of earnings, but their income is not ‘topped up’ to a level which takes them out of poverty.

- Some households face significant costs from housing, childcare or the extra costs of disability, which mean that, even when they earn at or above the CET, they are still in poverty.

For both groups, the combination of the expectations set out in conditionality rules, the level of earnings they can achieve at those expectations, the support they can receive from the social security system and the extent of costs they face mean that they are in poverty and clearly shows that the implicit social contract is not working.

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**Figure 3.4 – resources available to archetype families (TRA, £ per week), relative to the SMC poverty line and deep poverty line.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Resources Available</th>
<th>Poverty Line</th>
<th>Deep Poverty Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Both adults work 35 hours a week at NLW.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(B) REDUCED EXPECTATIONS: one adult is disabled and does not work. The other works 16 hours a week at NLW, looking after a three year old child.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(C) REDUCED EXPECTATIONS AND HIGH HOUSING COSTS: the family rents at the 50th percentile in a high-cost area (Southwark).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(D) REDUCED EXPECTATIONS, HIGH HOUSING COSTS, WITH UC DEDUCTIONS: the family faces the maximum rate of deductions (25%) from their UC standard allowance.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Implications: The implications for the social contract are wide ranging. This situation could arise because benefits are too low to be compatible with the expectations that are set out, expectations around the hours worked have been set too low and/or businesses are paying wages that are too low or the costs of living (e.g. housing or childcare) are too high.

BUSINESSES FULFILLING THEIR OBLIGATIONS

Principle: At a minimum, businesses need to fulfil their legal obligations to support a reduction in poverty.

In practice: Businesses are currently obligated to pay workers at least the National Minimum Wage (National Living Wage if over 23) as well as automatically enrolling eligible workers into a workplace pension scheme and contributing at least 3% of the minimum 8% contribution. While many businesses go well beyond these expectations, not all businesses fully comply with either of these legal requirements.

- Analysis by the Low Pay Commission (LPC) of the ONS’ Annual Survey of Hours and Earnings (ASHE) found that 507,000 workers were paid below the minimum wage in 2022 – a rise of 79,000 on 2019 underpayment levels.\(^9\)
- Similar challenges exist with auto-enrolment compliance. In the six months to December 2022, the Pensions Regulator issued 17,962 unpaid contribution notices – an increase of 4,358 on the preceding six months.\(^9\)

This failure to meet these expectations on pay and pensions has overwhelmingly negative impacts on both the current and future living standards of those workers on the lowest pay who are more likely to be in poverty.

Businesses also have an important role to play in a wide range of other areas that impact on poverty. For example, around one in three (33%) employees unable to work because of ill health or injury have to rely on Statutory Sick Pay while they are away from work. Paid at an equivalent hourly rate of as low as £1.10 an hour, it is no surprise that more than half (52%) of these individuals are in poverty,\(^*\) at a time when they need support the most.

Implications: Some businesses are not holding up their part of the social contract. Others are delivering the minimum required by the current implicit social contract. There is a question about whether the current social contract places enough emphasis on the role that businesses could or should play in reducing poverty.
Although there are those businesses who are falling short in meeting their obligations to their employees, our engagement with businesses has shown that there are employers that go beyond what is legally expected of them to enhance the welfare of their employees. The most widespread of these is the voluntary payment of the Real Living Wage that currently 13,000 accredited Living Wage Employers pay their staff. More employers are also beginning to take up the Living Hours standard, to provide security of hours for their workforce as well as the recently announced Living Pensions standards of 12% annual contributions.

There is also a growing engagement amongst businesses with the concept of purpose-led businesses and a desire to demonstrate a wider purpose around improving society above core business activity. For an increasing number of employers, it is clear that tackling poverty is critical to a ‘purpose-led business’ model. Qualitative research conducted by the PSC’s Secretariat with a cross-section of Living Wage Employers found that many businesses are supporting lower income workers to tackle poverty amongst their workforce and local communities. This ranged from specifically employing groups who are more likely to fall into poverty – such as those who have had experiences of the criminal justice system – to the provision of grants and loans to support workers with costly one-off payments as well as schemes to reduce the costs of essentials, such as travel and food, for employees.

TOWARDS A SOCIAL CONTRACT

The sections above demonstrate that a clear social contract does not currently actually exist in the UK. When elements of an implicit social contract are inferred from existing policy responses, it is also clear that the systems put in place by government and behaviours of businesses and individuals do not conform to a contract and that this is a key factor in UK poverty.

For this reason, a key early finding of the Commission is that it believes that any effective strategy to tackle poverty must be underpinned by a comprehensive, sustainable, and fair social contract. At its core, this should ensure that, when individuals and families are upholding their part of the social contract, they are not in poverty. Beyond this, there were strong views across the Commission on what that social contract should contain and, with Commissioners drawn from a broad range of backgrounds and with different experiences, it is unsurprising that these views varied. These views and differences in opinion will be replicated right across society and a clear social contract should bring these views together, meaning that Government is best placed to create and articulate a new social contract.

Whilst detailed views varied across the Commission, consensus was reached across key elements of a new social contract.
The Commission believes that, where all actors are upholding their part of the social contract, no-one should be in poverty. For example, this would mean that:

- Those who are expected to work, and are working as much as expected by the new social contract, should not be in poverty.
- Those that the new social contract suggests should not be expected to work (because of disability or caring responsibilities), should not be in poverty.
- Pensioners who have contributed as much as required by the new social contract in their working lives, should not be in poverty.
- Additionally, the Commission believes that no-one should be in deep poverty, regardless of their actions or contributions.

If taken forward, even these topline principles would mark a significant divergence from the way policy is currently made. As the Commission continues its work, other elements and specificity could also be added to this initial outline.
WORK TO DATE: WHAT MOVES THE DIAL?

This report has demonstrated the conceptual basis on which the Commission is considering how an increase in resources worth at least £36bn could be created. It shows that there are a range of policy levers and approaches that could support a family to move out of poverty:

1. **An increase in net income.** This could be delivered through an increase in the family’s earnings or benefit income, or by reducing their tax liability.

2. **An increase in liquid assets.** A family in poverty may not be able to save or accumulate assets, however, saving in good times can insulate families against shocks in the future.

3. **A reduction in debt.** Reducing debt liabilities will increase the resources available to a family to meet their day-to-day needs.

4. **A reduction in costs faced.** Reductions in the costs of housing, childcare and the extra costs of disability can close the resources shortfall.

5. **Improving lived experience.** Non-material factors affect a family’s experience of poverty and/or their ability to move out of poverty: their relationships and networks; their education and qualifications; their physical and mental health; their financial literacy and budgeting; and the labour market opportunities that they have access to. The Social Metrics Commission’s Lived Experience Indicators quantify the experiences of families on these key dimensions.

A core piece of work that the Commission has undertaken over the last year has been to analyse the scale and nature of poverty impacts that changes in each of these areas might deliver. In essence, this allows us to understand “what moves the dial”, or how much a hypothetical change in each of the aspects would contribute to creating resources and reducing poverty.

A number of scenarios for these are considered below. Each is targeted at those in poverty and is assessed on an “all else equal” basis – to see what would happen if just the changes in these aspects were to occur. It should be noted that these are not tied to specific policy proposals. Instead, these scenarios were intended to improve the Commission’s understanding of the outcomes that are needed in order for poverty to be reduced.
WHAT MOVES THE DIAL: EMPLOYMENT

For those who do not work, entering employment can provide a route out of poverty. This is important because families that are in poverty are more likely to contain workless adults than those who are not in poverty. Of all working-age adults in poverty, over half (52%) are workless. This compares to only 16% of working-age adults who are not in poverty.\(^\text{40}\)

Description

This scenario considers an increase in employment of 100,000 people. The increased employment is entirely amongst unemployed working-age adults in families that are in poverty. Those entering employment are assumed to work 35 hours a week at the National Living Wage.

In this scenario, 100,000 people are directly affected. Those who enter employment see their earnings increased by an average of £14,942 a year, corresponding to 35 hours a week at the National Living Wage. The total increase in gross earnings across the population is £1.3 billion a year.

Poverty Impact

The number of people in poverty falls by 110,000 and the number in deep poverty falls by 110,000. The number of people in families with a disabled person who are in deep poverty falls by 50,000, and the number in poverty falls by 65,000. The number of people in families with children who are in poverty falls by 65,000.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: EARNINGS

For those in work, increasing gross earnings is often the clearest route to increasing the resources available to a family. Families in poverty typically have lower earnings. For families in poverty, the average family gross earnings are £173 a week. This compares to an average of £719 a week for families that are not in poverty.

Description

This scenario considers a 5% increase in earnings for those in employment who are in poverty. A total of 2,850,000 adults are affected, with a median increase in annual gross earnings of £650. Overall, gross earnings are increased by an annual £2.2billion in this scenario.

Poverty Impact

The number of people in poverty falls by over half a million people (515,000) and the number in deep poverty falls by 110,000. Nearly two-thirds (64%) of this reduction in poverty is among families with children. Over a third (34%) of this change is experienced by those living in families that include a disabled person. Additionally, 115,000 people living in ethnic minority families are moved out of poverty.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: BENEFIT TAKE UP

The UK’s system of benefits provides an important safety net. However, many individuals and families do not claim the benefits they are entitled to. Department for Work and Pensions estimates that only 7 in 10 of those entitled to Pension Credit claim the benefit, and that only 77% of the amount of Pension Credit that could have been claimed was claimed.\textsuperscript{xiii} Take-up estimates for working-age benefits are no longer published, but estimates for the 2016-17 financial year suggest that only 8 in 10 of those entitled to Income Support or Income-related Employment and Support Allowance claimed the benefit.\textsuperscript{xiv}

Description

This scenario considers the poverty impact of achieving full benefit take-up for those families in poverty, by considering modelled data in which all eligible families in poverty are in full receipt of all the benefits they are entitled to.

There are 1,505,000 affected families, and 7,645,000 people in affected families. The median change in annual benefit income for affected families is £2,748 a year. In total, government spending on benefits increases by £5.9billion a year, but this is already income that the Government has committed to spending.

Poverty Impact

Overall, the number of people in poverty falls by more than a million. The number of pensioners in poverty falls by over a quarter of a million (295,000). Over half of the impact reduction in poverty is experienced by families that include a disabled person: 695,000 fewer people in families that include a disabled person are in poverty under full take-up. Over half a million (580,000) fewer people in families with children are in poverty under full take-up. Deep poverty falls by almost half a million (480,000).

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: BENEFIT LEVELS

Aside from the extent to which people entitled to benefits are actually taking up this entitlement, we can also assess the extent to which increasing benefit levels (over and above standard inflationary increases) could reduce poverty.

**Description**

This scenario considers the poverty impact of increasing benefit awards by 5% across the board.

There are 5,010,000 affected families, and 11,835,000 people in affected families. The median change in annual benefit income for affected families is £544 a year. In total, government spending on benefits increases by £3.0 billion a year.

**Poverty Impact**

Overall, the number of people in poverty falls by 725,000 and deep poverty is reduced by 330,000. The number of people in poverty in a family with children is reduced by nearly half a million (455,000). The number of people in poverty in pensioner families is reduced by nearly a quarter of a million (225,000).

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: LIQUID ASSETS

Perhaps unsurprisingly, families in poverty are far less likely to have significant assets or savings. Almost two-thirds (65%) of those in poverty live in a family in which no adult saves, compared to just under a third (32%) of those who are not in poverty.17 On average, families in poverty have liquid assets of £561. In fact, the median family in poverty has no liquid assets at all, while the median family not in poverty has liquid assets of £4,427. This matters, because it means that families are more likely to run into financial difficulties when they face an unforeseen expense or suffer an income shock, like the loss of employment or difficulty with their benefits.

Description

This scenario assesses the impact that low levels of savings have on families currently in poverty, by considering what would happen if, instead, all families in poverty had, upon entering poverty, a minimum savings buffer. This is set at eight weeks of an individual family’s recurring housing costs.

Families in poverty are assumed to draw down this savings buffer at a uniform rate. Those families with less than this level of residual assets are given the difference; there is no change under this scenario for those families in poverty already in possession of savings equal to, or in excess of, their modelled level of residual assets.

A total of 5,845,000 families are affected, with a median increase in liquid assets of £242. The total increase in liquid assets held across the population is £2.1billion.

Poverty Impact

As a result, the number of people in poverty is reduced by 415,000. The majority (55%) of this change is experienced by families with children, with a reduction of 250,000. The number of people in deep poverty is reduced by 200,000.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: HOUSING COSTS

For many families, housing costs are by far the most significant outgoing faced. Moreover, housing costs are often more significant for families in poverty. Families in poverty spend 37% of their net income on housing, on average, compared to just 13% for the average family who are not in poverty. Costs vary significantly by housing tenure, with the burden especially great for renters, and private renters in particular. On average, private renters living in poverty spend almost half (47%) of their net income on housing.

Description

This scenario considers a reduction in housing costs of 5% for families in poverty. This reduction in costs is felt for all families in poverty, across tenure types.

Over 14 million people are in affected families. The median change in annual household housing costs is £273 a year. The overall reduction in housing costs, across the population, is £1.8 billion a year.

Of those affected, just under 4.5 million are children (0-15) and 2.3 million are young adults (16-29). Nearly 4 million are aged between 30 and 49, and nearly 1.5 million are of pensionable age. Over half (56%) of those affected are in families with children, which includes couple families (38%) and lone parent families (18%). Nearly 4 million of those affected are themselves disabled, while nearly half (48%) are in families that include a disabled person. Over a third (35%) are from an ethnic minority background.

Poverty Impact

The number of people in poverty is reduced by 355,000. This includes a reduction in the number of people in poverty in families with children of 210,000. The number of people in deep poverty is reduced by 130,000.

Figure 3.10 – Change in the number of people in poverty, by their family type.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: CHILDCARE COSTS

Childcare costs are often substantial for families with young children, contributing to the elevated poverty rates experienced by these families. Families in poverty, spend an average of 16% of their household net income on childcare. This compares to 7% of net income for those families who are not in poverty. There are also wider implications of the costs of childcare. For example, parents may decide not to work, or to work shorter hours, because of the costs of childcare. In turn, this may limit career and earnings progression. As such, as well as having a direct impact by reducing costs, a reduction in the cost of childcare may increase employment and earnings parents. These dynamic effects are not captured in this modelling. What follows therefore likely underestimates the poverty impact of reducing childcare costs.

Description

This scenario considers the impact of eliminating childcare costs entirely for those families in poverty. A total of 320,000 families are affected, saving an average of £1,768 a year. The total reduction in childcare costs, across the population, is £1.2billion.

Poverty Impact

The entire poverty impact is experienced by families with children. The total number of people in poverty in families with children falls by 175,000. Of these, 40,000 are also in families that include a disabled person and 5,000 are in ethnic minority families.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: THE EXTRA COSTS OF DISABILITY

The extra costs of disability are a significant burden on families that include a disabled person. In traditional measures of relative income poverty, these costs were often not considered, resulting in an underreporting of poverty among disabled people.

Families in poverty are more likely to include a disabled adult or child. In fact, half (50%) of those in poverty live in a family that includes a disabled person. This compares to just over a third (36%) of people who are not in poverty.

Description

This scenario considers a 20% reduction in the extra costs of disability, for those in poverty. Over a million families (1,110,000) are affected, saving an average of £912 a year. Over the total population, the extra costs of disability are reduced by £1.2billion a year. There are 2,415,00 people in affected families.

Almost a third of those affected (31%) are between the ages of 50 and 64. Nearly one in five (19%) of those affected are children, while 15% are of pensionable age. One in three (32%) of those affected are single, with no children. The next largest group is those in couple families with children (24%). Just under one-in-five (19%) of those affected are from an ethnic minority background.

Poverty Impact

The number of people in poverty is reduced by 260,000, and the number in deep poverty is reduced by 165,000. By definition, the entire change is among families that include a disabled person. The number of people in poverty living in families with children is also reduced by 80,000.

Figure 3.12 – Change in the number of people in poverty, by their family type.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: SKILLS

Adults with skills and qualifications are often better able to find employment, and to progress in work. People in poverty are less likely to hold formal qualifications. Of those in poverty, 28% live in families where all adults have a highest qualification that is below 5A*-C GCSEs or equivalent, compared to just 13% of those who are not in poverty. Nearly one-in-five (19%) people in poverty live in families where nobody has any formal qualifications, compared to just 8% of those who are not in poverty.

Description

This scenario imagines that all those who are in poverty, in employment, and without formal qualifications, have a boost in their underlying skills. We assume this leads to increases in earnings using estimates of the wage returns to workplace training schemes, which point to a potential increase in earnings of around 5%.

A total of 450,000 people are affected, and see their gross earnings increase by a median of £748 a year. In total, gross earnings are increased by £1.4 billion a year.

The majority (57%) of those affected are aged 30-49. The next largest group (28%) is those age 50-64. Relatively few employed people in poverty under the age of 30 have no qualifications. Over a third of those affected (35%) are in couple families with children. A quarter (25%) are single, without children. Just under half (48%) are from an ethnic minority background.

Poverty Impact

The number of people in poverty is reduced by 110,000, and the number in deep poverty is reduced by 45,000. There is no poverty impact among families with a disabled person, but this is largely due to the small sample size of those affected. There is no reason to suppose that disabled people would not benefit equally from improved workplace training.

Figure 3.13 – Change in the number of people in poverty, by their family type.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT MOVES THE DIAL: FAMILY STABILITY

The type of family in which people live has an impact both on their risk of experiencing poverty, and their experiences should they fall into poverty. For example, the presence of two potential earners, the ability to pool resources and share costs all mean that couple families often find it easier to avoid poverty. Overall, being in a couple is associated with an 11% reduction in poverty risk, when compared to being single. Recent research from the IFS has also highlighted the longer-term impacts of family stability on children’s future outcomes and the fact that the UK has a greater “fragility and complexity as compared with families in other western European countries”.

Of course, the reasons behind this are complex, with stability affected by the interwoven challenges of deprivation, poverty, low skills and poor mental health, amongst a range of other factors including social norms and personal choices. In that respect, improvements in incomes, increased assets, lower costs and lower poverty levels are all likely to increase family stability. Equally, there are then feedback effects from increased family stability on poverty itself.

Description

To understand the potential poverty impacts of greater family stability, the modelled scenario brings the UK to match the European average for the incidence of couple families. This is equivalent to an increase of 670,000 in couple families, which are assumed to pool their incomes and share their costs. There are 2,500,000 people in affected families, including dependent children.

Poverty Impact

The number of people in poverty is reduced by 115,000, and the number in deep poverty by 5,000. The number of people in families with children who are in poverty is reduced by 185,000, with a corresponding reduction in deep poverty of 45,000. The number of people in poverty in ethnic minority families is reduced by 80,000.

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
SO WHAT DOES MOVE THE DIAL?

This section has demonstrated that a wide range of factors influence poverty outcomes. Changes in incomes, assets, debt, costs and broader factors like skills, family and health can all have a significant bearing on people’s likelihood of experiencing poverty. This underpins the Commission’s motivation and view that a successful cross-societal approach to tackling poverty must focus on the broadest range of these aspects as possible. As the Commission continues its work, it will begin to demonstrate the policies and approaches that can be used to achieve the impacts that are outlined above.

<table>
<thead>
<tr>
<th>Lever</th>
<th>Sub-lever</th>
<th>Description</th>
<th>Overall change (£billion a year)</th>
<th>Reduction in TRA shortfall (%)</th>
<th>Reduction in poverty</th>
<th>Reduction in deep poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomes</td>
<td>Employment</td>
<td>100,000 increase in employment.</td>
<td>1.3</td>
<td>-2%</td>
<td>110,000</td>
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<td></td>
<td>Gross earnings</td>
<td>5% increase in earning for employed people in poverty.</td>
<td>2.2</td>
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<td>515,000</td>
<td>110,000</td>
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<td></td>
<td>Benefit take-up</td>
<td>Full benefit take-up for families in poverty.</td>
<td>5.9</td>
<td>-13%</td>
<td>1,125,000</td>
<td>480,000</td>
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<td></td>
<td>Benefit awards</td>
<td>5% increase in benefit awards for families in poverty.</td>
<td>3.0</td>
<td>-6%</td>
<td>725,000</td>
<td>330,000</td>
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<tr>
<td>Assets &amp; Debt</td>
<td>Liquid assets</td>
<td>All families enter poverty with a minimum savings buffer, which is then drawn down.</td>
<td>2.1</td>
<td>-4%</td>
<td>415,000</td>
<td>200,000</td>
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<tr>
<td>Costs</td>
<td>Housing costs</td>
<td>5% reduction in housing costs for families in poverty.</td>
<td>1.8</td>
<td>-3%</td>
<td>355,000</td>
<td>130,000</td>
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<td></td>
<td>Childcare costs</td>
<td>No childcare costs for families in poverty.</td>
<td>1.2</td>
<td>-1%</td>
<td>175,000</td>
<td>85,000</td>
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<td></td>
<td>Extra costs of disability</td>
<td>20% reduction in the extra costs of disability for families in poverty.</td>
<td>1.2</td>
<td>-2%</td>
<td>260,000</td>
<td>165,000</td>
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<td>Lived Experience</td>
<td>Skills &amp; qualifications</td>
<td>5% increase in earnings for employees in poverty without formal qualifications</td>
<td>1.4</td>
<td>-1%</td>
<td>110,000</td>
<td>45,000</td>
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<td></td>
<td>Family structure</td>
<td>UK to match the European average for the incidence of couple families</td>
<td>-</td>
<td>-</td>
<td>115,000</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: PSC analysis, Family Resources Survey and Households Below Average Income (2017/18-2019/20), IPPR Tax and Benefit Model.
WHAT NEXT?

This report has outlined key elements of the Commission’s work to date. Over the Autumn, the Commission will continue to engage with the widest range of stakeholders and experts possible. This will include further work with people with lived experience of poverty and those working on the frontline to try to reduce poverty. Alongside this, the Commission’s Technical Team will begin to create costings and assessments to inform the Commission’s choices over policies, approaches and interventions that could be successful in helping make a meaningful and sustainable difference to poverty in the UK. Our hope is that we will be ready to publish the Commission’s final report early in 2024. Before then, the Commission’s Secretariat team would welcome feedback on and input into the Commission’s work.
ENDNOTES


5 The SMC measure does include extra costs related to disability, assuming that these are equal to the total award of extra-cost disability benefits. This approach, while imperfect, does provide a better representation of the experience of families that include a disabled person. There exists ongoing work to determine more accurately the costs faced by those with disabilities.


8 Across both phases, our engagement with people with lived experiences of poverty has largely been conducted through group workshops. Taking this approach has ensured that our participatory research sessions have relationship building, trust and a common shared purpose at their core. While we are keen to capture lived experiences through ‘traditional’ focus group discussion, our focus is on ensuring that participatory sessions are kept light and take a more creative approach to participatory research where participants and facilitators take part in activities together. These activities can include the creation of word clouds, the ranking of key themes and drawing up linkage diagrams.


16 This includes a reduction in housing costs for those who are outright owners. These households may not face reducing rental or mortgage costs, but do face other housing-related costs like ground rent and water bills.

17 This involves reducing to zero the costs of childcare arrangement that pre-exist in the Family Resources Survey. This modelling makes no consideration of the increased demand for childcare that would result from reducing its cost, nor of the likely increase in employment that would result.
