



UK Poverty 2025

The essential guide to understanding
poverty in the UK

JOSEPH ROWNTREE FOUNDATION

Contents

| | |
|------------------------------------|------------|
| Acknowledgements | 3 |
| Foreword | 4 |
| Executive summary | 6 |
| Trends in poverty | 16 |
| The experience of being in poverty | 103 |
| Annexes | 144 |
| Notes | 164 |
| References | 165 |
| How to cite this report | 176 |

Acknowledgements

Thank you to all the team at JRF who worked on the report, including: Taha Bokhari, Leigh Brunskill, Carla Cebula, Rachelle Earwaker, Joseph Elliott, Maudie Johnson-Hunter, Peter Matejic, Becky Milne, and Andrew Wenham.

Foreword

by Paul Kissack, Group Chief Executive of the Joseph Rowntree Foundation (JRF)

Last year, the nation went to the polls for a General Election. This report sets out the nature of poverty in the UK in the run-up to that election, as well as the scale of action necessary for the Government to deliver the change it has promised.

It is a bleak read. It shows that:

- Over 1 in 5 people in the UK (21%) are in poverty – 14.3 million people
- Of these, 8.1 million are working-age adults
- 4.3 million are children
- 1.9 million are pensioners.

These numbers should shock us, but they tend not to. They have become wearily familiar. And as raw statistics, they risk masking the human stories of the grinding, challenging reality for families who face a constant battle just to afford basic items, let alone build lives of dignity or progress.

At the General Election, the nation voted in a new government, which summarised its goal in a single word – ‘change’; a government which has vowed to ‘fix the foundations’ of our country.

There are few things more foundational for national life than economic security: the ability of families to afford the essentials, and of children to go to school from a secure, warm home, properly clothed, with food in their bellies.

But for too many families, this is not the reality of their lives. Three in every ten children in the UK are living in poverty. Many live with parents struggling with job insecurity, poor mental and physical health, and the unyielding stress that comes from not having the means to support their family as they would wish. These experiences will stay with many of the next generation for the whole of their lives.

Without determined action, this picture will get worse. During 2024, the cost of living crisis continued, with millions of low-income households going without essentials. Every month that passes sees continuing unacceptable hardship, including new families trapped by the 2 child limit. Our research shows that, on the current trajectory, the rest of this decade will not see progress on either poverty or deep poverty. That is true even with the best economic growth scenario.

As the Government prepared to deliver its first Budget in October last year, 7 million families were going without essentials. In that Budget, we saw the Government's first steps to addressing this reality. It took action to tackle the harsh deductions from Universal Credit (UC) that leave people far below the amount they need to live on, boosted the National Living Wage (NLW), and increased investment in social housing. These are welcome steps. But they are timid. They fall a long way short of what is required to deliver the scale of change needed.

The social security system is simply not doing what it was set up to do. Basic rates of UC are close to historic lows. The system is marred by cruel and arbitrary rules and caps, including the 2 child limit. Unless and until action is taken to invest in the social security system and restore its connection to need – allowing everyone to afford the essentials of life – there is little hope for providing economic security for millions.

Failing to take such action is not only a failure to treat people with dignity and respect but also undermines the Government's own declared priorities for renewal. Growing poverty and insecurity are acting as a tightening brake on economic growth and opportunity in the UK, reducing children's readiness for school and ability to learn, while driving up poor health and increasing pressure on the NHS.

A Government promising change and vowing to fix the foundations cannot walk past this grim and deteriorating picture.

We are now a quarter of the way into the 21st century. For almost all of that time, there has been no improvement in headline levels of poverty. Meanwhile, poverty has deepened – as more and more families fall further below the poverty line, and growing numbers face destitution.

But history repeatedly shows this is not inevitable. In 2025, we will mark the centenary of the death of our founder, Joseph Rowntree, who lived and worked at a time of growing confidence in the role of public policy to reduce poverty. And just 25 years ago, at the start of our own century, there was progress, when a previous government – seized by the moral case for addressing hardship, creative in its approach and bold in its intent – managed to deliver a sustained reduction in levels of poverty.

As a new government seeks to define its goal of national renewal for a new era, it must once again put the fight against poverty at the heart of its work, with concrete actions on which it will be judged, as well as words.

Executive summary

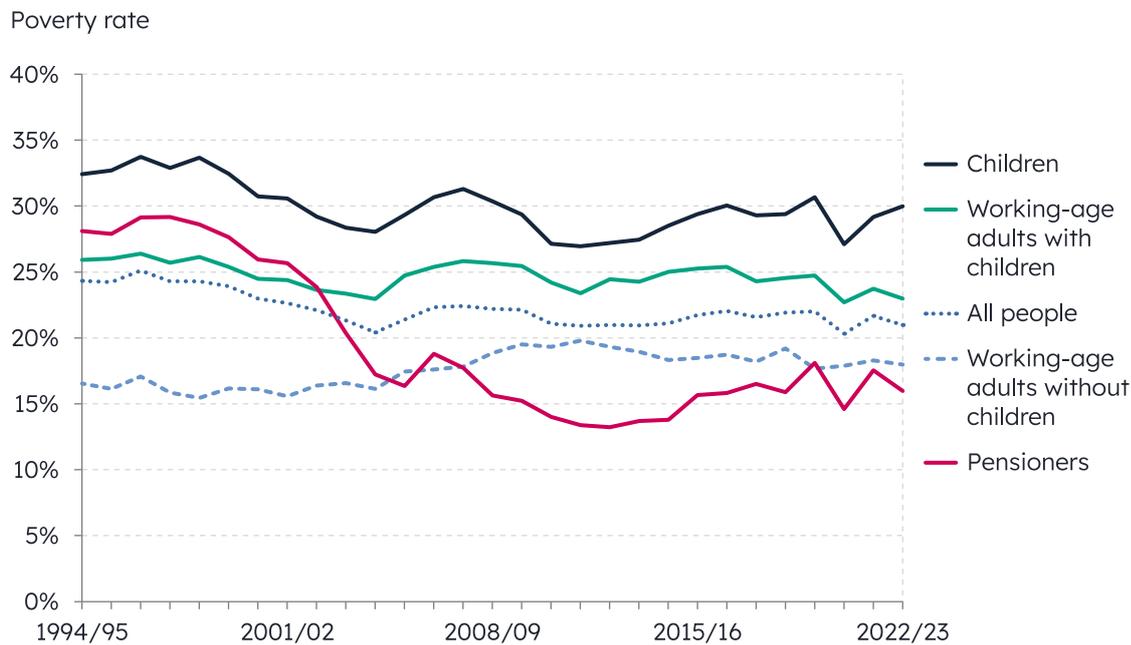
This is the first UK Poverty report to be released under the new Labour Government. Much of the latest data on which this report is based ends before the election. However, using JRF's cost of living tracker, we see the unacceptably high levels of poverty we referred to in last year's report persist, with economic security out of reach for millions of people. This is an urgent problem that the new Government needs to address. There were some helpful pledges in its manifesto on child poverty and ending the need for emergency food parcels, but much more will be needed if they are to be successful in 'driving down poverty in every part of the country' (Kendall, 2024).

This report looks across a range of data sources and published insights to build up a comprehensive picture of the current state of poverty across the United Kingdom (UK). We know poverty can lead to negative impacts at all stages of life, so it is critical to look closely at the available information to work out who is worst affected, determine how levels have changed over time and see what the future prospects are likely to be.

Poverty was broadly flat in the latest official data, remaining at a similar level to before the pandemic

More than 1 in 5 people in the UK (21%) were in poverty in 2022/23 – 14.3 million people. Of these, 8.1 million were working-age adults, 4.3 million were children and 1.9 million were pensioners. To put it another way, around 2 in every 10 adults are in poverty in the UK, with about 3 in every 10 children being in poverty. The picture compared to 2021/22 is one of stability: child poverty rose slightly, pensioner poverty fell slightly, and working-age adult poverty stayed the same. Poverty for all 3 groups has returned to around pre-pandemic levels, rising after average incomes recovered after the pandemic, at the same time as a range of temporary coronavirus-related support was withdrawn.

Figure 1: Children have consistently had the highest poverty rates, while pensioners, along with working-age adults without children, now have the lowest



Source: Households Below Average Income, 2022/23, DWP

It is 20 years and counting since we last saw a prolonged period of falling poverty

Taking a longer view, we can see that overall poverty barely changed during the Conservative-led Governments from 2010 to the latest data covering 2022/23. The last period of falling poverty was during the first half of the previous Labour administration (between 1999/2000 and 2004/05), but it then rose in the second half of its time in power.

In part, the lack of progress over the last 20 years reflects the series of hits to living standards that have affected the whole population. Each of the 5 Parliaments since 2005 has recorded lower quarterly income growth than the last 13 Parliaments before 2005, stretching back to the start of available data in 1955. This started with the economic slowdown even before the global financial crisis and persisted through the crisis itself, then austerity, Brexit, the coronavirus pandemic and finally the cost of living crisis.

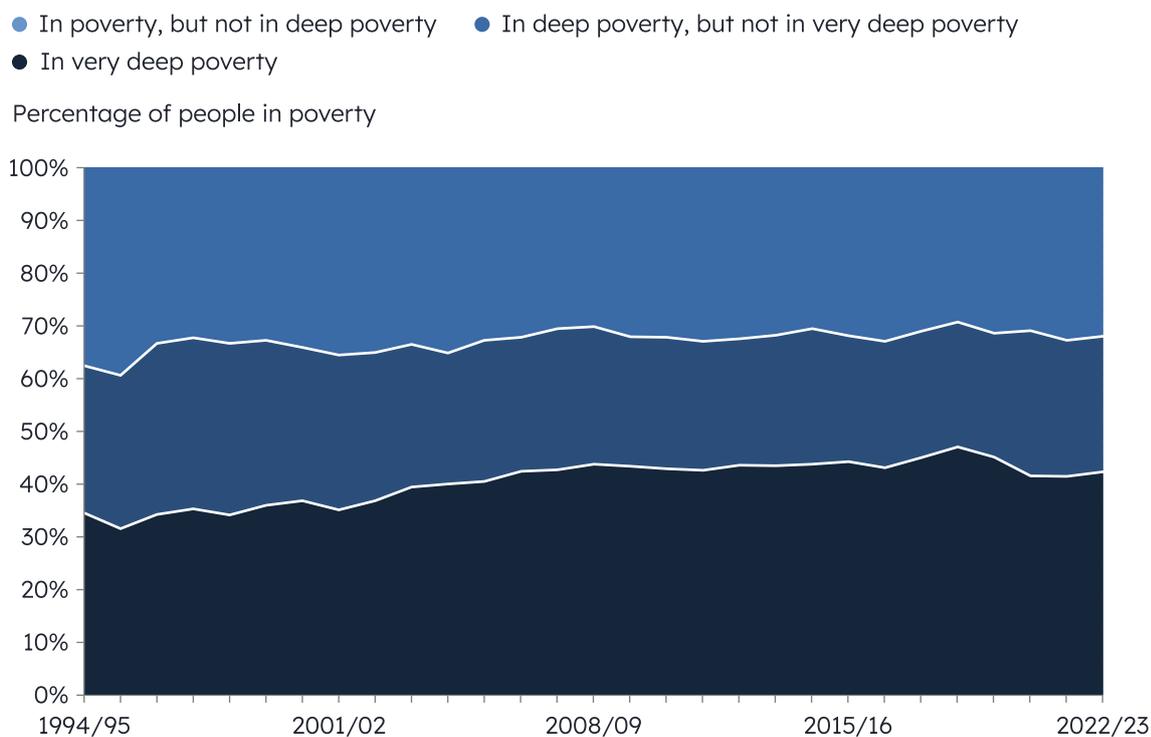
It is almost certain that economic stability is necessary to sustainably reduce poverty. However, economic growth on its own won't reduce poverty, and it is deeply unjust to force families to wait for economic growth before they feel their situation improve, especially given the picture of deepening poverty.

Poverty has deepened

In 2022/23, 6 million people – or 4 in 10 of those in poverty – were in very deep poverty, with an income far below the standard poverty line. More than twice as many (over 12 million people) had experienced very deep poverty in at least one year between 2017/18 and 2020/21.

Between 2020/21 and 2022/23, the average person in poverty had an income 28% below the poverty line, with the gap up from 23% between 1994/95 and 1996/97. The poorest families – those living in very deep poverty – had an average income that was 57% below the poverty line, with this gap increasing by almost two-thirds over the past 25 years.

Figure 2: Since 1994/95, the percentage of people in poverty who are in very deep poverty has increased, and now makes up the largest group of people in poverty



Source: Households Below Average Income, 2022/23, DWP

Note: The group in very deep poverty includes people whose equivalised household income after housing costs (AHC) is less than 40% of median AHC income. The group in deep poverty, but not very deep poverty, have an equivalised AHC household income less than 50% but more than 40% of median AHC income. The group in poverty, but not deep poverty, have an equivalised AHC household income less than 60% but more than 50% of median AHC income.

Looking at the deepest and most damaging form of poverty – destitution, where people cannot afford to meet their most basic physical needs to stay warm, dry, clean and fed – we see from our latest Destitution in the UK report that around 3.8 million people experienced destitution in 2022, including around one million children (Fitzpatrick et al., 2023). These figures have more than doubled since 2017. We see further evidence of deepening poverty in the increasing number of food bank users, with more emergency food parcels being delivered by the Trussell Trust network than ever before.

Some groups have wholly unacceptably high rates of poverty

We have already seen that **children** have higher risks of poverty overall (30% versus 21% for the whole population), but larger **families with 3 or more children** have consistently faced a higher rate of poverty (45% of children in large families were in poverty in 2022/23). This is because a number of benefit policies have a disproportionate impact on larger families. These include the 2 child limit, which restricts eligibility for many child-related benefits to the first 2 children in a family whether the family is in or out of work, and the benefit cap, which limits the total income a household can receive in out-of-work benefits. Reductions in the poverty rate of children in large families drove child poverty downwards until 2012/13, but increases for this group have driven child poverty back up again since then.

Families with children also face additional challenges if childcare responsibilities limit their ability to undertake well-paid and high-quality work, which is often the case for **lone-parent families** and **families with younger children** (as well as for **larger families**); 44% of children in lone-parent families were in poverty in the latest data – 2022/23 – as were 36% of children in families where the youngest child was aged under 5.

Poverty rates are very high for **some minority ethnic groups**. In particular, between 2020/21 and 2022/23, over half of people in Bangladeshi (56%) and around half of people in Pakistani (49%) households lived in poverty, with even higher poverty levels for children in those households (67% and 61% respectively). Around 4 in 10 people in households headed by people from Black African backgrounds (40%) were in poverty, with around half of children in these households in poverty. All these groups were much more likely than people in households headed by someone of white ethnicity (19%) to be in poverty (24% of children in households headed by someone of white ethnicity were in poverty). Minority ethnic groups with higher rates of poverty tended to also have higher rates of very deep and of persistent poverty.

Disabled people face a higher risk of poverty. This is driven partly by the additional costs associated with disability and ill-health, and partly by the barriers to work that disabled people face. However, the proportion of disabled working-age adults in work increased from 42% in 2010/11 to 53% in 2022/23, while poverty rates remained steady over that period. In the latest data, there were 16 million disabled people in the UK – that is, nearly 1 in 4 people (24%) – and almost 4 in 10 families contained at least one person who was disabled. The poverty rate for disabled people was 30%, 10 percentage points higher than the rate for people who were not disabled. Nearly half of all people who were disabled and living in poverty had a long-term, limiting mental condition – around 2.4 million people. The poverty rate for this group was 50%, compared with 29% for people with a physical or other type of disability.

Similarly, **informal carers** are much more likely than those with no caring responsibilities to be living in poverty (28% compared with 20%). In 2022/23, 1 in 10 adults (5.1 million) were informal carers, with 6 in 10 of these carers living in families where someone was disabled. Their reduced ability to work means informal carers face a financial penalty, with unpaid social-care givers experiencing an average pay penalty of £414 a month (nearly £5,000 a year).

People in **workless** households also face a higher risk of poverty, with more than half of working-age adults (54%) in workless households being in poverty, according to the latest data. However, because such a high share of the population is in work, around two-thirds of working-age adults in poverty actually lived in a household where someone was in work, despite these households having a much lower poverty rate of 15%. The poverty rate for part-time workers was nearly triple that for full-time workers (22% compared with 8%), and part-time self-employed workers were more than twice as likely to be in poverty as employees (23% compared with 10%). Workers in the administration and support activities sector had the highest poverty rate at 22%. Part-time self-employed workers had even higher rates of 28%. Workers in the accommodation and food services (23%), administrative and support service activities (21%), and agriculture, forestry and fishing (21%) had the highest poverty rates of the sectors of work we looked at.

There is also a link between tenure type and poverty. In 2022/23, more than 4 in 10 **social renters** (44%) and around a third of **private renters** (35%) were in poverty AHC. Within this group of renters in poverty, around 3 in 10 social renters and half of private renters were only in poverty after their housing costs were factored in and so appear to be pushed into poverty by the amount of money they have to spend on housing. Among homeowners, around 1 in 7 (14%) of people who lived in a home that was owned outright were in poverty, while 1 in 10 people living in a home being bought with a mortgage (10%) were in poverty.

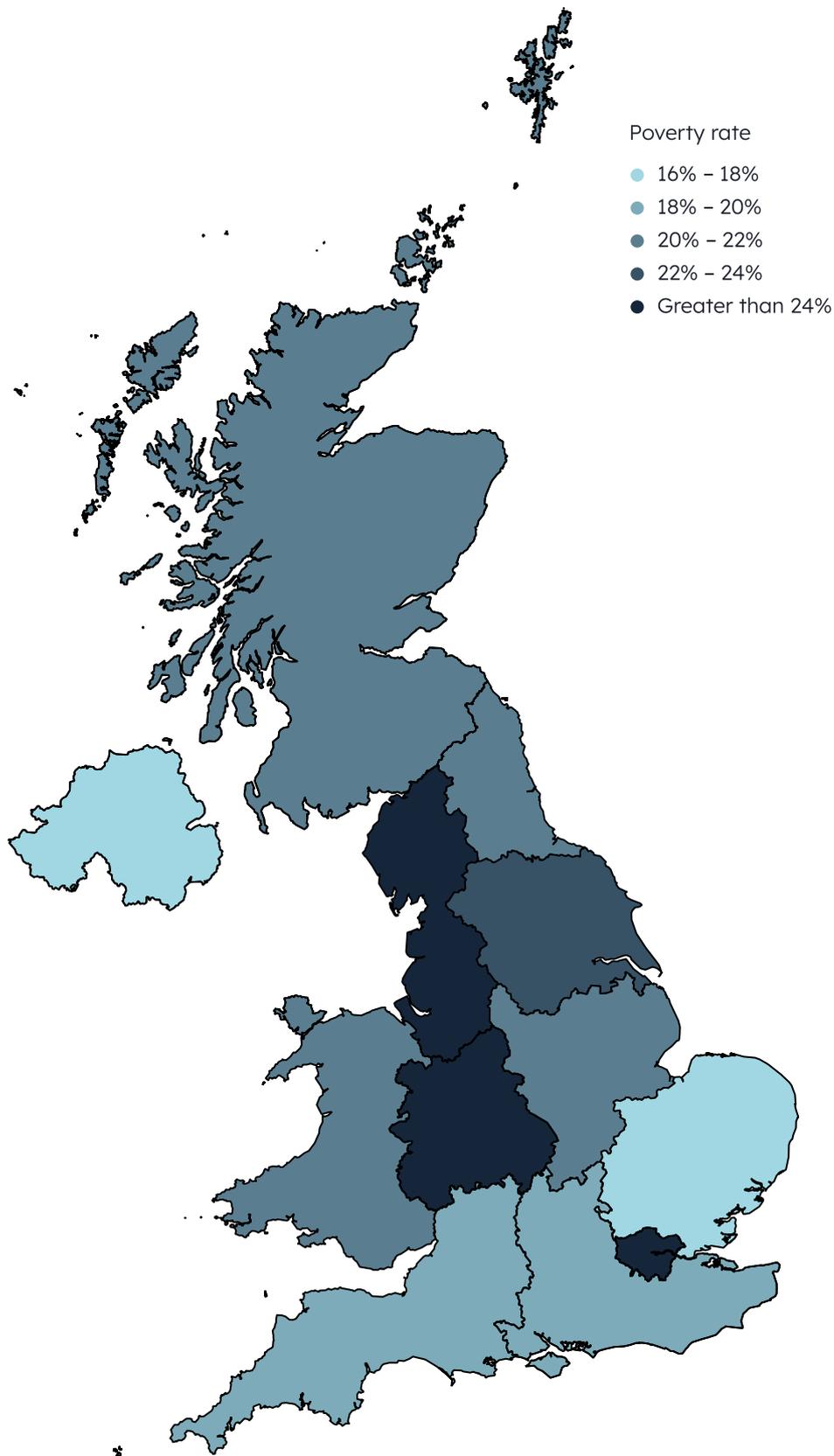
Finally, the poverty rates of people claiming different **income-related benefits** are much higher than the national average poverty rate. On the one hand, this is to be expected given the ‘low income’ eligibility criteria for claiming these benefits, but on the other hand, it demonstrates that the level of benefits available is frequently not sufficient to enable recipients to escape poverty. Indeed, the basic rate of UC is even below destitution thresholds.

Poverty rates vary significantly between UK nations and regions

In the latest data, the average poverty rates in England (22%), Wales (21%) and Scotland (21%) had converged to around the same level, although poverty rates were much lower in Northern Ireland at 17% (note all country figures are averages of 2021/22 and 2022/23 data as single-year figures can be volatile). These variations in poverty rates across the different nations of the UK are driven by differences in labour markets (including the levels of employment, the sectors worked in and rates of pay), housing markets (the mix of tenures and housing costs) and rates of benefit receipt, alongside wider demographic factors (age, family types and sizes). The greater reliance on renting and the higher costs of housing generally are substantial drivers in larger cities in particular, while lower rates of employment, with fewer employment opportunities alongside a greater concentration of employment in lower-paid roles and sectors, are more significant drivers of poverty across many post-industrial and coastal areas.

Child poverty rates in Scotland (24%) remain much lower than those in England (30%) and Wales (29%) and are similar (if slightly higher) than in Northern Ireland (23%). This is likely to be due, at least in part, to the Scottish Child Payment. This highlights the effect benefits can have in reducing poverty.

Figure 3: Poverty rates vary significantly between UK nations and regions



Source: Households Below Average Income, 2021/22 and 2022/23, DWP

In the latest data, the West Midlands had the highest rate of poverty at 27%, followed by the North West (25%), London (24%), and Yorkshire and the Humber (23%). In the West Midlands, North West, Yorkshire and the Humber, and North East, between 25% and 30% of working-age adults are not in employment, compared to around 20% in regions with the lowest levels of poverty (the East, South East and South West of England). The tenure mix and housing costs are a major driver of poverty in London, where 46% of those in poverty only AHC are factored in, compared to around 1 in 4 of those in poverty in the rest of the UK on average. Approaching half of people in London live in rented accommodation, while social renters in London pay 50% more on average on housing costs than those across the rest of the UK, and private renters pay over 80% more.

More timely data shows the continuing bite of the cost of living crisis, and future prospects remain deeply worrying

In October 2024, around 2.6 million of the poorest fifth of households (44%) were in arrears with their household bills or behind on scheduled lending repayments, 4.1 million households (69%) were going without essentials and 3.2 million households (54%) cut back on food or went hungry.

It is clear that the current economic situation is by no means positive, with many of the key drivers either showing a negative or mixed picture. The Office for Budget Responsibility (OBR) forecast no wage growth between Q1 2025 and Q1 2029, with benefits only keeping up with inflation (with a lag), so we expect little of the (in many cases) extensive ground lost through the cost of living crisis and beforehand to be made up. Increasing housing costs and frozen levels of support, as well as the basic rate of benefits only being maintained at a level around the threshold for destitution, will continue to hold living standards back.

What can be done?

It is clear that levels of poverty and hardship in the United Kingdom are unacceptably high. This is a view shared by the British public, with a survey conducted by More in Common on behalf of JRF ([More in Common, 2024](#)) showing very high levels of concern about hardship (84%) and 92% of people questioned saying tackling the cost of living and reducing levels of hardship should be important for the Government. It also, however, reveals a great scepticism about the extent to which the UK Government is committed to doing so, with only 32% thinking Labour are committed to tackling these issues compared to 44% who think they are not. Almost two-thirds of people think Labour is not committed to improving the lives of the worst off, and expectations for the future are bleak, with, for example, 64% of people thinking food bank use will go up over this parliament.

We need to break out of this culture of low expectations of progress with concrete action and demonstrable prioritisation to address hardship, drawing on the Labour manifesto commitments to ‘develop an ambitious strategy to reduce child poverty’ and to ‘end mass dependence on emergency food parcels’, as well as to ‘review UC so that it makes work pay and tackles poverty’ ([Labour, 2024](#)). We at JRF strongly believe that, beyond any actions in these areas, there needs to be a more holistic plan for hardship that addresses a much wider range of causes and consequences of poverty, moving towards building economic security not waiting for growth first.

These are some of the key actions that can be taken across critical areas:

- offer help and space for those looking for work to find a secure job that sticks, while making work possible and desirable for those outside the labour market if this is feasible.
- improve financial protection if people lose their jobs or cannot work for a period, such as paid leave due to caring demands or sickness, building on new policies which have started to raise the basic level of workplace rights and protections.
- give people the ability to care alongside work without falling into hardship, including by increasing the value of carer benefits while making paid care services more affordable and accessible.
- ensure social security is there for all of us when we need it, with the basic rate set so it is at least enough to afford life’s essentials. This includes permanently re-linking the Local Housing Allowance (LHA) to local rents and removing the 2 child limit in the benefit system, alongside forging a ‘social safety net’ of crisis support, practical help and social connection where people live.

- put future pension provision on a more secure footing by raising minimum contribution rates and establishing good options for people to use their savings pot to provide a secure standard of living in retirement.
- help people accrue modest savings, access affordable credit, gain relief from problem debt and hold assets (especially those without access to family wealth).
- expand access to affordable, secure, decent homes, whether rented or owned, by increasing the supply of homes, including those for social rent, and ensure that the benefit system works to support households with their housing costs by ensuring housing benefit is unfrozen and reflects the actual cost of rents.
- work closely with devolved governments where powers overlap to make services as easy as possible to access and collaborate on shared priorities, such as supporting individuals into work.

Our polling with More in Common suggests that the Labour honeymoon period is over. With limited action on poverty and hardship seen in the first 6 months of the Government, there is huge scepticism over what can be delivered. What now is needed is a ‘relentless focus on long-term ends’ in order ‘to change lives for the better’ (Labour, 2024). We have had 20 years of no progress in reducing the overall level of poverty and a deepening of poverty below this static picture. To borrow the title of the Labour Party manifesto, this needs to change.

Trends in poverty

| | |
|---|-----------|
| Overall poverty rates for children, working-age adults and pensioners | 17 |
| Poverty depth and duration | 26 |
| Family composition, age and sex | 34 |
| Ethnicity and poverty | 42 |
| Geography and poverty | 50 |
| Disability, carers and poverty | 65 |
| Work and poverty | 76 |
| Benefits and poverty | 87 |
| Housing and poverty | 94 |

Trends in poverty

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

Why is this important?

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

Poverty constrains a person's ability to afford to buy what they need and participate in the activities routinely undertaken by others in society. Low incomes also reduce financial resilience to unexpected expenses, such as car repairs or a faulty washing machine, and lead to households falling behind with bills for utilities, council tax or other essentials. This is explored in our section on the cost of living.

Money worries, in turn, contribute to low-income adults and their children being much more likely than wealthier adults and children to suffer from depression or anxiety. Poverty can also affect the prospects of children, who may fail to reach the same level of educational attainment as those from wealthier families. This, in turn, can make escape from poverty even harder when they become adults. See the sections below on health and education for further details, as well as Tinson (2020).

What's the headline story in the latest data?

The latest official poverty data (from the Households Below Average Income [HBAI] series) corresponds to 2022/23. There remains a Covid-19-related effect on the data collection, but methods gradually returned to their pre-pandemic modes. There was a boosted sample size for the survey we used for this year's report, but caution still needs to be taken for some analysis, with further details given in Annex 5. As more post-pandemic data becomes available, changes during and following the pandemic are becoming clearer. We continue to review our conclusions as further data becomes available.

Over 1 in 5 people in the UK (21%) are in poverty – 14.3 million people. Of these, 8.1 million are working-age adults, 4.3 million are children and 1.9 million are pensioners. Throughout this report, when we use the term poverty, we are using the relative poverty rate, AHC, unless otherwise stated. See Annex 1 for more information on poverty definitions.

The latest data tells us that 3 in 10 children in the UK are living in poverty (30%). Around 9 in 20 (44%) children in lone-parent families live in poverty, compared with 5 in 20 of those in couple families (26%).

Adults and children in lone-parent families are by far the most likely of any family types to be struggling with poverty. When we look at pensioners, the poverty rate for single pensioners is almost double that of couple pensioners, with around 1 in 6 pensioners overall living in poverty.

Table 1: Number of people in poverty and poverty rates for different groups, UK, 2022/23

| Group | Number in poverty | Poverty rate (%) |
|---|-------------------|------------------|
| People | 14,300,000 | 21 |
| Children | 4,300,000 | 30 |
| Working-age adults | 8,100,000 | 20 |
| Pensioners | 1,900,000 | 16 |
| Single pensioners | 1,000,000 | 22 |
| Couple pensioners | 900,000 | 13 |
| Single working-age adults, no children | 3,000,000 | 24 |
| Working-age adults in a couple, no children | 1,900,000 | 13 |
| Working-age lone parents | 800,000 | 40 |
| Working-age parents in couple families | 2,500,000 | 21 |
| Children in lone-parent families | 1,500,000 | 44 |
| Children in couple families | 2,900,000 | 26 |

Source: Households Below Average Income, 2022/23, DWP

Since the end of the survey period (March 2023), there have been lots of signs of a continuing very difficult situation for poorer households, with our latest cost of living survey covering October 2024 showing that around 2.6 million households in the poorest fifth of households (44%) are in arrears with their household bills or behind on scheduled lending repayments, and 4.1 million poorer households (69%) going without essentials. This is a slight improvement compared to the peak of the cost of living crisis recorded in our data in October 2022, but it still shows a massive degree of financial strain for these households.

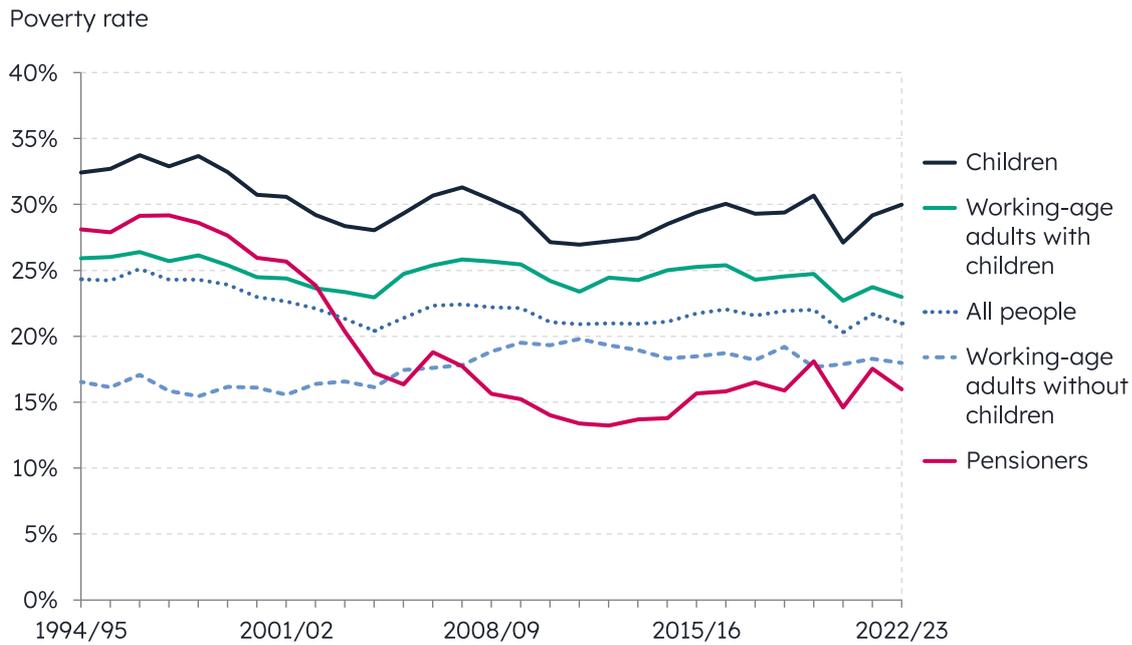
How has this changed over time?

Overall poverty was broadly flat between 2021/22 and 2022/23, with a small increase in the number and proportion of children in poverty offset by a reduction in the number and proportion of pensioners in poverty. The proportion of children in poverty rose by 1 percentage point to 30%, while the proportion of pensioners in poverty fell 1 percentage point to 16%. This means the proportions of the different population groups in poverty remain around their pre-pandemic levels after increasing between 2020/21 and 2021/22. This confirms our expectations, discussed in previous years' reports, that poverty would increase as we came out of the pandemic because recovering average incomes would cause the relative poverty line to rise (median household incomes AHC rose by 2% between 2020/21 and 2021/22), at the same time as a range of temporary coronavirus-related support was withdrawn. Children and pensioners were the 2 groups where we thought the impact of this would be most likely to be seen: children, as they are the group most likely to be in poverty and thus to be in families in receipt of benefits subject to changes, and pensioners, who are more likely to be on a fixed income not affected by the post-pandemic recovery.

Children have consistently had the highest poverty rates throughout the last 30 years. In the mid- to late 1990s, a third of children lived in poverty. This fell to 28% by 2004/05 and reached its lowest level of 27% in 2010/11 to 2013/14. After this period, child poverty then rose, reaching 31% in 2019/20, before falling back to 27% in 2020/21 and rising since to stand at 30% in the latest data. Families with children are more likely to be receiving benefits than families without children, so this pattern reflects changes in employment levels, earnings and benefits.

After the pensioner poverty rate more than halved from just under 30% in the mid- to late 1990s to 13% in 2012/13 (driven by increasing income from private pensions and increases in benefits), it has edged up from then to 2019/20, before the reduction to 15% in the data for the pandemic year of 2020/21. It stood at 16% in the latest year.

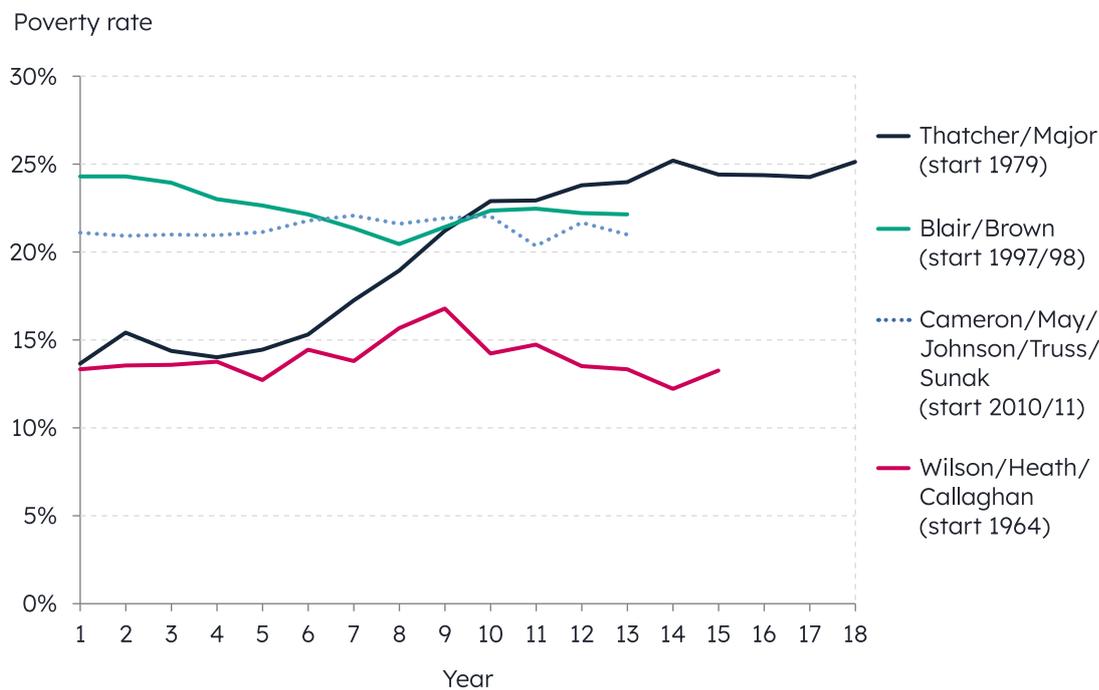
Figure 4: Children have consistently had the highest poverty rates, while pensioners along with working-age adults without children now have the lowest



Source: Households Below Average Income, 2022/23, DWP

The Institute for Fiscal Studies (IFS) publishes poverty rates consistent with the latest data stretching back to 1961 (IFS, 2024). This enables us to take a longer-term perspective, and below we compare the performance of different administrations. The chart below compares the poverty performance of the current Government with those of their immediate predecessor Labour administration and the Conservative Government before that. The Labour Administrations of Harold Wilson and James Callaghan have been combined with that of the Conservative Edward Heath to give an idea of performance before 1979.

Figure 5: Poverty rates grew rapidly under Margaret Thatcher's administration and remain much higher than in the period before then

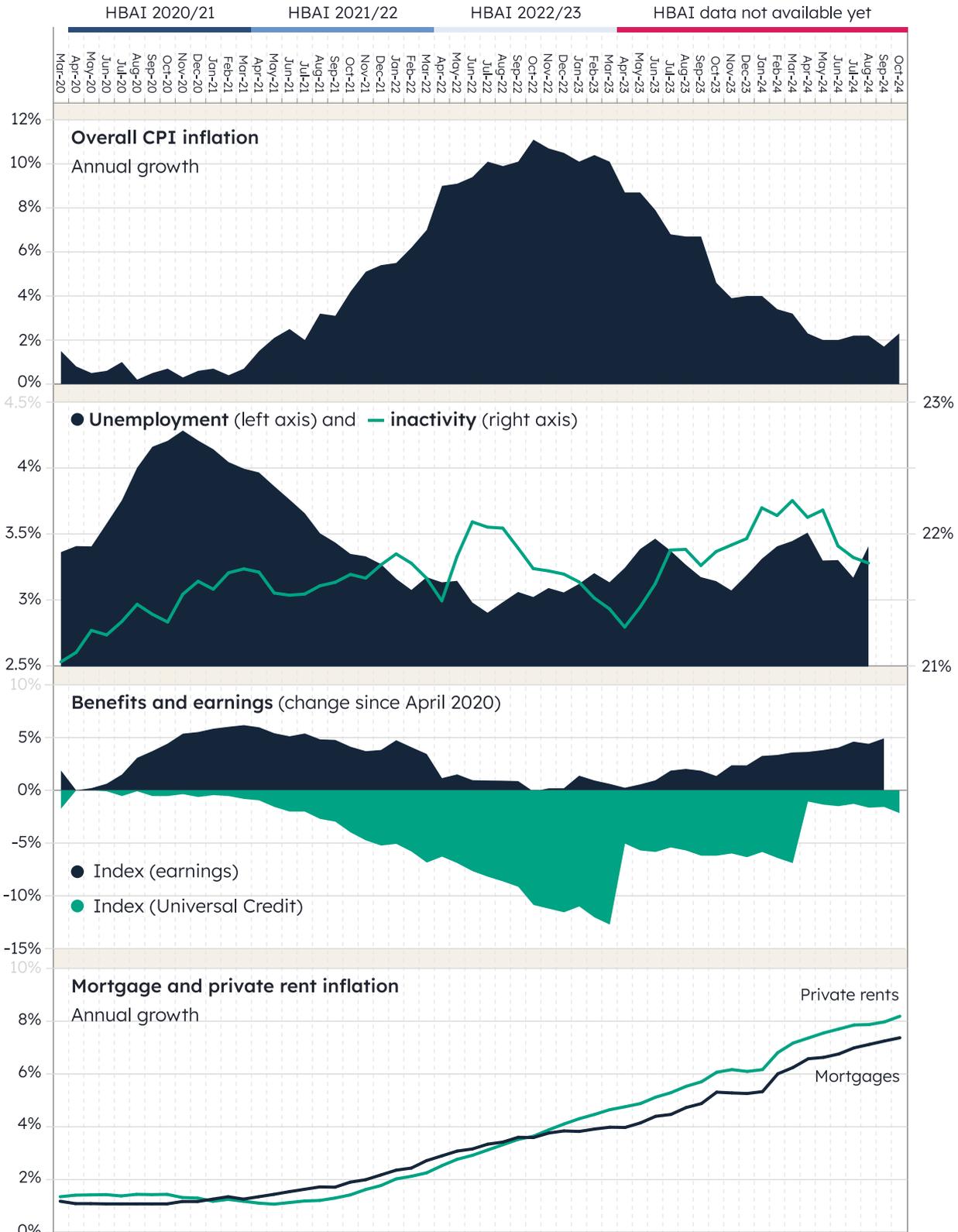


Source: Institute for Fiscal Studies analysis of FES and HBAI data

Poverty rates hovered between 12% and 17% during the administrations of Harold Wilson, Edward Heath and James Callaghan. They then rose rapidly under the administration of Margaret Thatcher, reaching around a quarter in the mid- to late 1990s. There was some reduction in the headline rate under Tony Blair and Gordon Brown, but a disappointing broadly static picture since then.

The latest published data covers 2022/23, a year spanning the worst of the cost of living crisis, with high inflation, low unemployment, higher-than-usual inactivity, benefits not keeping up with the accelerating inflation and annual housing cost inflation rising over the period. In particular, there was a sizeable difference between the rate of inflation used to increase benefits (3.1% from September 2021) and the rate of inflation at the point benefits rose (9.0% in April 2022). This differential constituted the greatest fall in the value of the basic rate of unemployment benefits since the start of annual uprating in 1972, 50 years ago ([Matejic, 2022](#)).

Figure 6: Diagram: A schematic of data availability, coronavirus lockdowns and policy changes, alongside changes in inflation, unemployment and inactivity, benefits and earnings, and housing costs



Source: Multiple sources, see UK Poverty Charts spreadsheet for details

What are the future prospects?

Future trends in poverty depend on what happens to its drivers, which include employment and earnings, benefits and tax credits, and housing costs, as well as how the wider cost of living is changing.

Since the start of the Covid-19 pandemic, there have been massive and, to some extent, temporary distortions to these key drivers. These are now moving through the published statistics, meaning care will have to be taken in interpreting the next few rounds of official poverty data. However, our best judgement of changes since the end of the period covered by the latest HBAI data and future prospects is given in the table below.

Table 2: Summary of changes to drivers of poverty levels

| Driver | Effect of increase | Since latest HBAI data | Future prospects |
|------------|--|--|---|
| Employment | Generally poverty reducing | Mixed: Rising rates of inactivity and slightly rising unemployment, but unemployment is still low in historic terms. | Mixed: Continuing high and rising rates of inactivity and very slightly rising unemployment over period. |
| Earnings | Ambiguous – can increase relative poverty if benefitting middle-income households more than low income | Positive: Average earnings are currently rising in real terms, that is, going up faster than inflation, but are 4% below Q1 2008 levels. In April 2024, the NLW was increased by around 10% to reach two-thirds of median earnings. | Bad: OBR forecast no wages growth between Q1 2025 and Q1 2029 so they remain significantly below 2008 levels throughout the period. The NLW increase for 2025 of 6.7% is welcome and will help low earners (although this isn't perfectly targeted at the lower-income households with someone in work). |

| Driver | Effect of increase | Since latest HBAI data | Future prospects |
|---------------|---|--|--|
| Benefits | Generally poverty reducing | <p>Bad:</p> <p>While the April 2024 uprating finally returned benefits to around their level at the end of the 2010s, they are around 7% below their level in April 2015 after inflation, because of a series of under-indexing and freezes across that decade. Lump sum payments have been withdrawn and the basic rate is insufficient to afford essentials.</p> | <p>Bad:</p> <p>Benefits have been increased in line with inflation in September 2024, but inflation is forecast to rise by April. The Benefit Cap (the maximum amount of benefit someone out of work can receive in benefits) and LHA have been frozen. The basic rate of benefits is insufficient to afford essentials and no further funding of one-off cost of living payments are planned.</p> |
| Housing costs | Generally poverty increasing | <p>Bad:</p> <p>Rents increased faster than CPI over most of the period, including in the social sector. There have been very large increases in mortgage costs, as owner occupiers exit mortgages fixed at lower interest rates.</p> | <p>Bad:</p> <p>OBR forecast growth in rent (private and social sector) and high growth in mortgage costs throughout 2025 into 2026 due to higher interest rates.</p> |
| Inflation | Limited effect on relative poverty but will increase cost of living | <p>Mixed:</p> <p>Fell over the period from a 40-year high back to around the Bank of England's target rate. Falling inflation does not reverse the increases in prices but simply means prices have stopped rising so quickly.</p> | <p>Mixed:</p> <p>OBR expect inflation to be an average of 0.5ppts above the 2% Bank of England target rate over the next 18 months, before falling to around the 2% target.</p> |

Source: JRF analysis of Economic and Fiscal Outlook report, 2024, OBR

Note: CPI = Consumer Price Index.

It is clear from this table that the current economic situation is by no means positive, with many of the key drivers either showing a negative or mixed picture. The OBR forecast no wage growth between Q1 2025 and Q1 2029, with benefits only keeping up with inflation (with a lag), so we expect little of the (in many cases) extensive ground lost through the cost of living crisis and beforehand to be made up. Increases in housing costs and the basic rate of benefits only being maintained at a level around the threshold for destitution will continue to hold living standards back.

Relative poverty measures (which depend on how poorer households are faring compared to the average household) are highly dependent on both what governments do to protect the incomes of poorer households and what is happening to the incomes of the average household. Our recent analysis ([Milne, Matejic and Stirling, 2024](#)) shows that in our central scenario, without additional policy measures supporting lower-income households, relative poverty is broadly flat and that growth in itself does not alter this.

How does this section interact with other sections?

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

Poverty depth and duration

Why is this important?

As this report makes clear, poverty affects the lives of millions of families in the UK. But poverty is not a uniform experience. Living in poverty for longer durations of time has a greater negative impact on those who experience it for shorter or temporary spells. This is also true for the depth of poverty that an individual experiences. Families living in ‘deep poverty’, and especially those experiencing destitution, are more likely to experience more severe outcomes as they struggle to afford the most basic of essentials: to be warm, dry, clean and fed.

What’s the headline story in the latest data?

Deep and very deep poverty

In 2022/23, around 9.7 million people across the UK lived in ‘deep poverty’ (that is, with an equivalised household income AHC that was less than 50% of the UK median). Within this, 6.0 million lived in ‘very deep poverty’ (an income less than 40% of the UK median). This means that around 4 in 10 people in poverty were living in very deep poverty (42%), a further quarter (26%) were living in deep poverty but were not in very deep poverty (with an income between 40% and 50% of the UK median) and 32% were living in poverty but not in deep poverty (with an income between 50% and 60% of the UK median).

To get a sense of the intensity of poverty experienced in the UK, a poverty gap statistic can be calculated. This statistic demonstrates the size of the gap between the median income of families in poverty and the poverty line. It therefore shows the average amount of money that would be needed to bring the incomes of families in poverty to the poverty line. We use a 3-year average here, as the results can be volatile year to year. Between 2020/21 and 2022/23, the poverty gap was 28%. That is to say, the median household income of people living in poverty was 28% below the poverty line. To put this into context, this is equivalent to a gap of £6,700 a year for a couple with 2 primary-school-aged children living in poverty.

Between 2020/2021 and 2022/2023, the median household income of families living in deep poverty was 29% below the deep poverty line. This is equivalent to a gap of £5,800 a year for a couple with 2 primary-school-aged children who were in deep poverty. The very deep poverty gap for families with the lowest incomes was a similar monetary amount (around £5,700 a year for such a family) but, given the very low incomes of families in very deep poverty, the very deep poverty gap was much larger in percentage terms (36%).

However, while moving from both deep and very deep poverty to less deep poverty will help to alleviate some of the worst hardship, families in less deep poverty still must make ends meet on very low incomes. Between 2020/21 and 2022/23, a couple with 2 primary-school-aged children with the median income of someone in deep poverty would have needed their income to increase by an average of £9,800 a year to move out of poverty completely, while the equivalent family in very deep poverty would have needed an additional £13,700 (that is, more than double their income, 57% below the poverty line).

Destitution

The deepest and most damaging form of poverty is destitution, where people cannot afford to meet the most basic of essentials: to stay warm, dry, clean and fed. Our latest Destitution in the UK report found that around 3.8 million people experienced destitution in 2022, including around one million children ([Fitzpatrick et al., 2023](#)).

Persistent poverty and very deep poverty

The Department for Work and Pensions (DWP) publishes ([DWP, 2024a](#)) estimates of the proportion of people who live in persistent poverty each year (measured as having an after-housing costs income that is less than 60% of the annual after-housing costs UK median in at least 3 years out of 4). The latest data shows that, between 2018/19 and 2021/22, 12% of people across the UK lived in persistent poverty. The persistent poverty rate was higher for children (17%) than for pensioners (10%) and working-age adults (11%).

Persistent very deep poverty rates (households with an income less than 40% of the UK median in at least 3 years out of 4) are much lower than the persistent poverty rate. There is also a large amount of churn in the group of people experiencing very deep poverty each year. Between 2017/18 and 2020/21, an average of around 2.5 million people moved into very deep poverty each year, with a similar number moving out. Nonetheless, 3% of the UK population (equivalent to around 1.9 million people) experienced persistent very deep poverty over this period, including 3% of children and

working-age adults, and 1% of pensioners. As another 10.4 million people experienced very deep poverty in either 1 or 2 years out of 4, this means that more than 12 million people in the UK experienced very deep poverty in at least one year between 2017/18 and 2020/21.

People living in lone-parent families and larger families face a bigger risk of living in persistent poverty. Between 2018–19 and 2021–22, 3 in 10 people in lone-parent families and 3 in 10 children in large families were in persistent poverty. People in lone-parent families (8%) also faced a much higher risk of persistent very deep poverty, but this was not the case for children in large families. However, single adults in general were also more likely to experience persistent very deep poverty.

Table 3: Persistent poverty rates for different groups, UK 2018-19 to 2021-22

| Group | Persistence rates |
|---|-------------------|
| | Poverty (%) |
| People in persistent poverty | 12 |
| Children in persistent poverty | 17 |
| Working-age adults in persistent poverty | 11 |
| Pensioners in persistent poverty | 10 |
| Single male pensioners in persistent poverty | 14 |
| Single female pensioners in persistent poverty | 17 |
| Couple pensioners in persistent poverty | 6 |
| Single working-age males in persistent poverty with no children | 14 |
| Single working-age females in persistent poverty with no children | 15 |
| Working-age adults in a couple in persistent poverty with no children | 5 |
| Working-age lone parents in persistent poverty | 29 |
| Working-age parents in persistent poverty in couple families | 10 |
| Children in persistent poverty in couple families | 14 |
| Children in persistent poverty in lone parent families | 30 |
| Children in persistent poverty in one child families | 14 |
| Children in persistent poverty in two child families | 12 |
| Children in persistent poverty in three or more child families | 28 |

Source: Understanding Society, 2018–19 to 2021–22

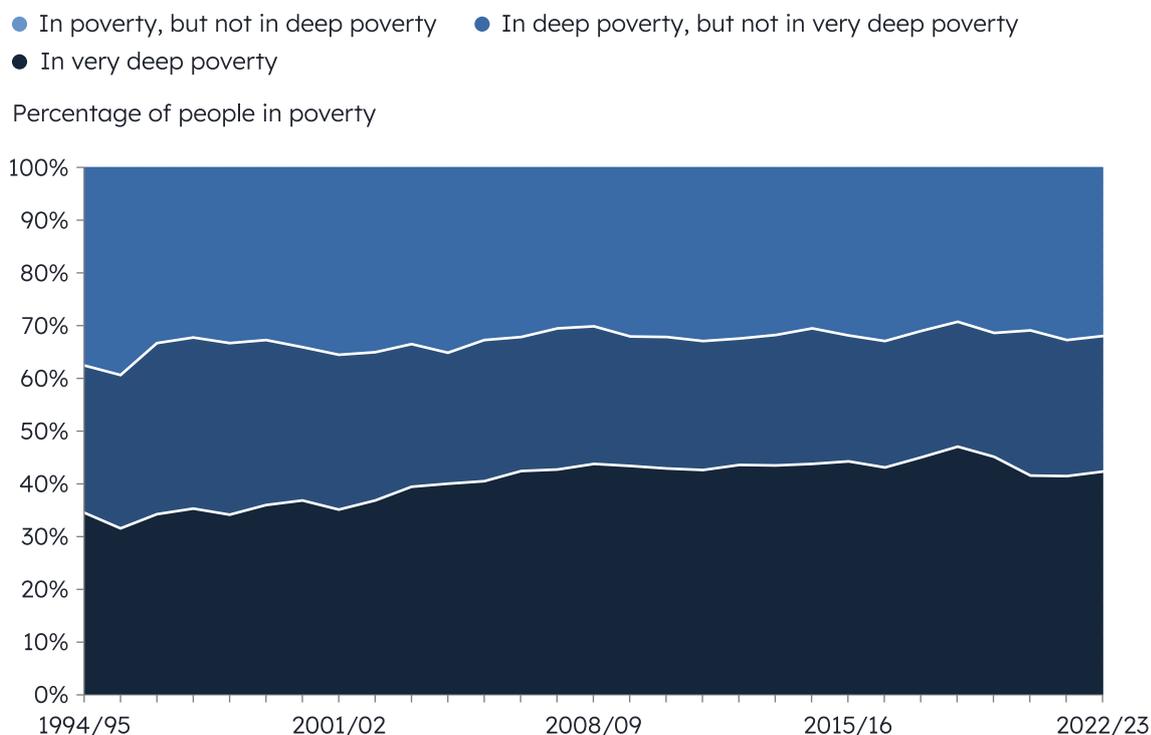
How has this changed over time?

Deep and very deep poverty

A greater proportion of people living in poverty are now living in very deep poverty than in 1994/95. While the poverty rate in the UK was lower in 2022/23 than it had been in 1994/95 (21% compared with 24%), this was not the case for the deep poverty rate, which stayed stable (15% in both years), or the very deep poverty rate, which rose very slightly (8% in 1994/95 and 9% in 2022/23). The interaction of these statistics means that a greater proportion of people who are already struggling with poverty now have a greater likelihood of being in an even deeper form of hardship than previously.

In 1994/95, someone in poverty was more likely to be in non-deep poverty (38%) than they were to be in very deep poverty (34%) or deep but not very deep poverty (28%). However, this changed over the next 25 years; by 2018/19, almost half of people in poverty were in very deep poverty (47%). Although this proportion fell during the Covid-19 pandemic, people in poverty were still much more likely to be in very deep poverty (42%) than in non-deep poverty (32%) in 2022/23.

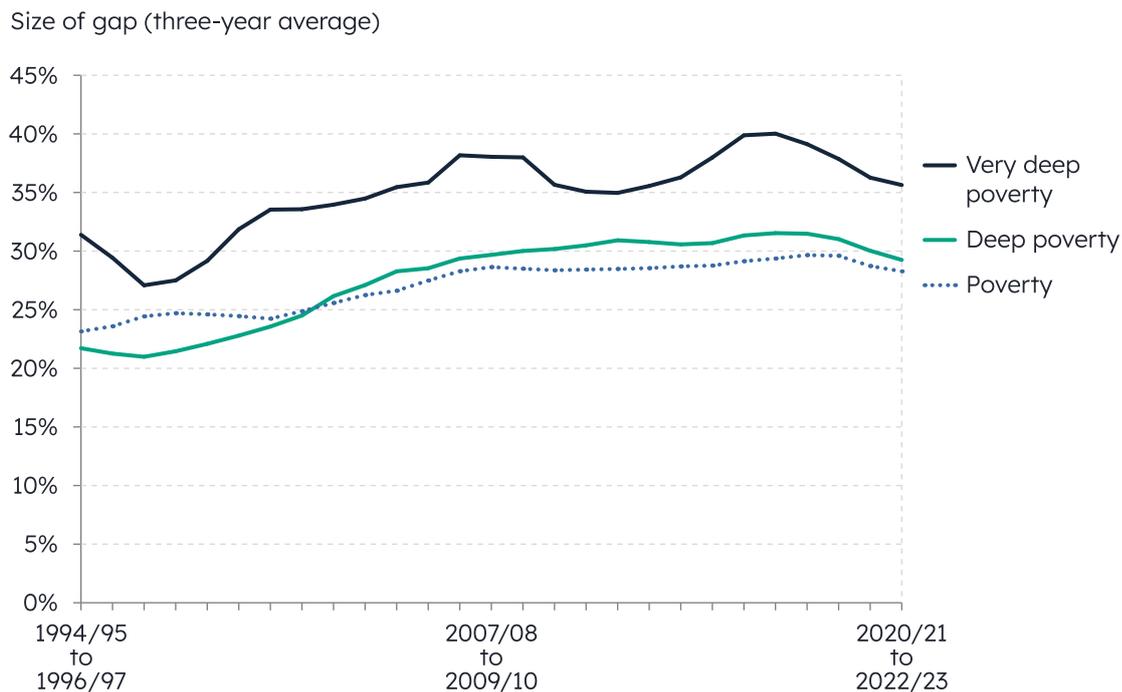
Figure 7: Since 1994/95, the percentage of people in poverty who are in very deep poverty has increased, and now makes up the largest group of people in poverty



Source: Households Below Average Income, 2022/23, DWP

Over the same period, both the poverty gap and the deep poverty gap widened. The average annual poverty gap between 1994/95 and 1996/97 was 23%, rising to 28% in the latest data. The corresponding deep poverty gap rose from 21% to 29% over the same period. This means that people in poverty and those in deep poverty now fall further below the poverty and deep poverty lines than they did a quarter of a century ago. In fact, between 2020/21 and 2022/23, the average gap between the median income of people in poverty and the poverty line was equivalent to around £6,700 a year for a couple with 2 primary-school-aged children, up from £3,600 (adjusted for inflation) in 1994/95–1996/97. This is only £300 short of the gap in 2018–21 that was the largest gap since records began. For deep poverty, this increased from £2,800 to £5,800 a year. The very deep poverty gap has been consistently higher but is more volatile, potentially due to reporting issues with very low incomes in survey data. Nonetheless, the size of the increase of the very deep poverty gap from 32% to 36% between 1994/95–1996/97 and 2020/21–2022/23 (from £3,400 to £5,700) is unlikely due to reporting issues alone.

Figure 8: The poverty gap, the deep poverty gap and very deep poverty gaps have all grown substantially since 1994/95–1996/97



Source: Households Below Average Income, 2022/23, DWP

Note: The poverty gap is the difference between the median equivalised income of people in poverty and the poverty line, as a percentage of the poverty line in each year. The deep poverty gap is the difference between the median equivalised income of people in deep poverty and the deep poverty line, as a percentage of the deep poverty line in each year. The very deep poverty gap is the difference between the median equivalised income of people in very deep poverty and the very deep poverty line, as a percentage of the very deep poverty line in each year.

Furthermore, people in very deep poverty have fallen even further behind the overall poverty line over the past 25 years. Whereas between 1994/95 and 1996/97, a couple with 2 primary-school-aged children with the median household income for people in very deep poverty needed an increase in their annual income of £8,600 to move out of poverty completely, this had increased by around two-thirds to £13,700 between 2020/2021 and 2022/23.

Destitution

The number of people experiencing destitution increased by almost two-thirds (61%) between 2019 and 2022, while the number of children in destitution almost doubled (with an increase of 88%) over the same period. The sharp rise in destitution reflects, in particular, an increase in the number of people lacking basic necessities, especially food and heating. As the price of these essentials has soared, they have become unaffordable for more people on very low incomes.

However, destitution was already increasing before the Covid-19 pandemic and the cost of living crisis; between 2017 and 2019, the number of people experiencing destitution increased by 54%. This means that the overall number of people experiencing destitution was more than two-and-a-half times higher in 2022 than it had been in 2017, and the number of children experiencing destitution was almost 3 times higher.

Persistent poverty and very deep poverty

Persistent poverty and persistent very deep poverty have remained relatively stable since 2010/11 to 2013/14 (the earliest period for which the persistent poverty data is available). There has been a more notable, though still small, increase in the proportion of people who experience short-term very deep poverty (in 1 or 2 years out of 4) over this period.

What are the future prospects?

Real household disposable income is forecast by the OBR to grow faster than they expected at the time of last year's UK Poverty report release (OBR, 2023). It is now estimated that household income will recover to its pre-pandemic peak by 2024/25 and not 2027/28 (OBR, 2024). While this represents an improvement for the UK overall, it is not guaranteed that households towards the bottom of the income distribution will experience improving circumstances. This will depend on what happens to the cost of living and the support that is given to them through Government policy, their employment status and earnings. If the cost of essentials were to increase, many low-income households would need government support

to be able to afford to keep warm, dry, clean and fed. Even if costs don't increase, there would still be a need for support to close the chasm between incomes and costs that have opened over the last few years.

To keep warm, households should be able to afford the cost of their heating bills. This has been getting harder to do. In October 2024, a typical household's energy bill increased by £149, an increase of 10%. Although energy prices are much lower than their peak in 2023, they do remain above pre-Covid levels. In 2023, there was financial support for households in receipt of certain benefits. This winter, that support has gone, leaving households in the potential situation of having to fend off these increases alone.

Rents are another part of housing costs that will drive rates of deep and very deep poverty. With the upcoming return to a freeze on LHA announced in the 2024 Winter Budget, there will be renewed risks from the affordability of housing and the return to a widening gap between LHA rates and actual rental costs. These gaps could force some households into deeper depths of poverty and others into destitution.

One of the main drivers of the depth and duration of poverty is the amount of money families receive through social security and whether they are eligible to receive what is available. As it stands, the basic rate of social security is lower now than in 2020/21 and years before then following freezes and other cuts. This is why JRF, along with Trussell and over 200 other organisations, call for a protected minimum to be built into UC, so it is always at least enough to afford life's essentials (JRF, 2024). Alongside this, a large number of people in destitution are unable to get support from social security at all because they have no recourse to public funds (NRPF). Measures such as allowing recourse to crisis funds and making it quicker and easier to have NRPF status lifted could help this group. If steps like these aren't taken, destitution will remain high.

One step that will help some households avoid destitution is the extending of the Household Support Fund until March 2026, alongside Discretionary Housing Payments. The £800 million scheme provides Local Authorities in England with funding to assist households struggling with the cost of their essentials. However, without more permanent support to help low-income families cover their essential costs, there is the risk of the Household Support Fund being a mere sticking plaster over a deep wound.

We are less likely to see levels of persistent poverty or persistent very deep poverty increasing in the short term. This is because immediate changes to people's economic situation have a more muted impact on the longer-term measure of persistent poverty, which is based on household income over the previous 4 years. However, if the real value of benefits falls or housing benefits continue to be frozen while housing costs continue to rise over multiple years, levels of persistent poverty and persistent very deep poverty will increase.

How does this section interact with other sections?

Experiences of deep and very deep poverty vary between different groups (including by ethnicity and disability). As a result of these and other drivers of poverty, deeper and longer experiences of poverty can lead to worse life outcomes such as poorer health, lack of savings and greater debt. These drivers and outcomes are highlighted in the relevant sections of this report.

Family composition, age and sex

Why is this important?

The drivers of poverty affect people of different family types, people of different ages and people of different sexes in different ways. These dimensions also intersect, with important implications for policy.

Larger families and lone-parent families more often have incomes which fall short of their outgoings, increasing their risk of poverty. Family composition also affects eligibility for some benefits. These include the 2 child limit, which restricts eligibility for child-related benefits to the first 2 children in a household, and the benefits cap, which limits the total income a household can receive in benefits.

Childcare responsibilities or costs can limit the ability of some parents to undertake paid work on a full-time basis or to choose higher-paid jobs that are less flexible or further away, particularly in families with younger children and in lone-parent families. Among individuals who leave work to care, the poverty rate doubles after they have been providing care for 5 years. A gendered perspective is key to understanding these patterns: most lone-parent families are headed by women, and women usually bear the bulk of childcare responsibilities, even in couples with children.

What's the headline story in the latest data?

The table below shows the number of adults in poverty and the poverty rate by gender and age for working-age and pension-age adults. One in five working-age males and 1 in 5 working-age females were living in poverty (20% and 20%). These rates were lower for male and female pensioners (15% and 17%). The age groups for adults with the highest poverty rates were 16–24 (25%), 60+ (22%) and 35–39 (21%).

Table 4: Number of adults in poverty and poverty rates for different groups, UK, 2022/23

| Group | Number in poverty | Poverty rate (%) |
|-------------------------------------|-------------------|------------------|
| Gender of working-age adults | | |
| Working-age males in poverty | 3,900,000 | 20 |
| Working-age females in poverty | 4,200,000 | 20 |
| Gender of pension-age adults | | |
| Pension-age males in poverty | 800,000 | 15 |
| Pension-age females in poverty | 1,100,000 | 17 |
| Age of working-age adults | | |
| 16 to 24 | 1,300,000 | 25 |
| 25 to 29 | 700,000 | 17 |
| 30 to 34 | 800,000 | 18 |
| 35 to 39 | 900,000 | 21 |
| 40 to 44 | 800,000 | 20 |
| 45 to 49 | 800,000 | 20 |
| 50 to 54 | 700,000 | 17 |
| 55 to 59 | 900,000 | 19 |
| 60+ | 1,100,000 | 23 |
| Age of pension-age adults | | |
| 65 to 69 | 400,000 | 13 |
| 70 to 74 | 500,000 | 15 |
| 75 to 79 | 500,000 | 17 |
| 80+ | 600,000 | 19 |

Source: Households Below Average Income, 2022/23, DWP

We saw in the previous section that children tend to have higher poverty rates, but this varies between families, as shown in the table below. For example, in 2022/23, the poverty rate for children in families with 3 or more children was almost twice as high as the poverty rate for children in 1- or 2-child families (45% compared with 22% and 22%).

We also know from the previous section that lone-parent families have the highest poverty rate of any family type. Over 2 in 5 children in lone-parent families (44%) were living in poverty in 2022/23, compared with 25% of children in couple families.

Poverty rates also vary depending on the age of children in the family. Approximately 1 in 3 children in families where the youngest child is aged under 5 (36%) were living in poverty. Meanwhile, around a quarter of children in families where the youngest child is aged 5 to 10 (25%) or between 11 to 15 years old (25%) were living in poverty¹. Lastly, 3 in 10 children in families where the youngest child is between 16 to 19 years old (31%) were living in poverty.

Table 5: Number of children in poverty and child poverty rates for different groups, UK, 2022/23

| Group | Number in poverty | Poverty rate (%) |
|---|-------------------|------------------|
| Number of children in family | | |
| Children in poverty in one-child families | 700,000 | 22 |
| Children in poverty in 2 child families | 1,400,000 | 22 |
| Children in poverty in large families (3+ children) | 2,100,000 | 45 |
| Number of adults in family | | |
| Children in couple families | 2,800,000 | 25 |
| Children in lone-parent families | 1,400,000 | 44 |
| Age of youngest child in family | | |
| 0-4 | 2,100,000 | 36 |
| 5-10 | 1,200,000 | 25 |
| 11-15 | 700,000 | 25 |
| 16-19* | 200,000 | 27 |
| Age of child | | |
| 0-4 | 1,200,000 | 32 |
| 5-10 | 1,300,000 | 27 |
| 11-15 | 1,200,000 | 30 |
| 16-19* | 500,000 | 31 |

Source: Households Below Average Income, 2022/23, DWP

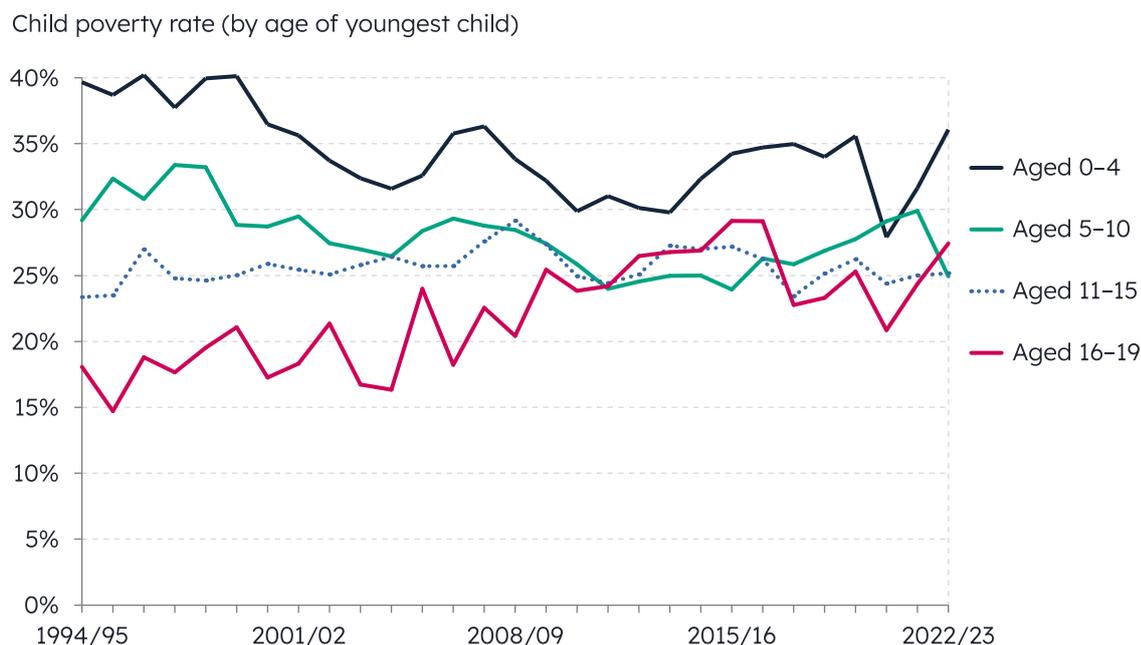
Note: * A person is defined as a child if they are 16 to 19 years old and they are: not married nor in a civil partnership nor living with a partner; living with parents/a responsible adult and in full-time non-advanced education or in unwaged government training.

Many of these family groups overlap. Large families (those with 3+ children), families with young children (those with a child aged 0-4), and lone-parent families are all family groupings associated with a higher risk of child poverty, with over 8 in 10 children in poverty in at least one of these groups, and a large minority (4 in 10) in more than one group.

How has this changed over time?

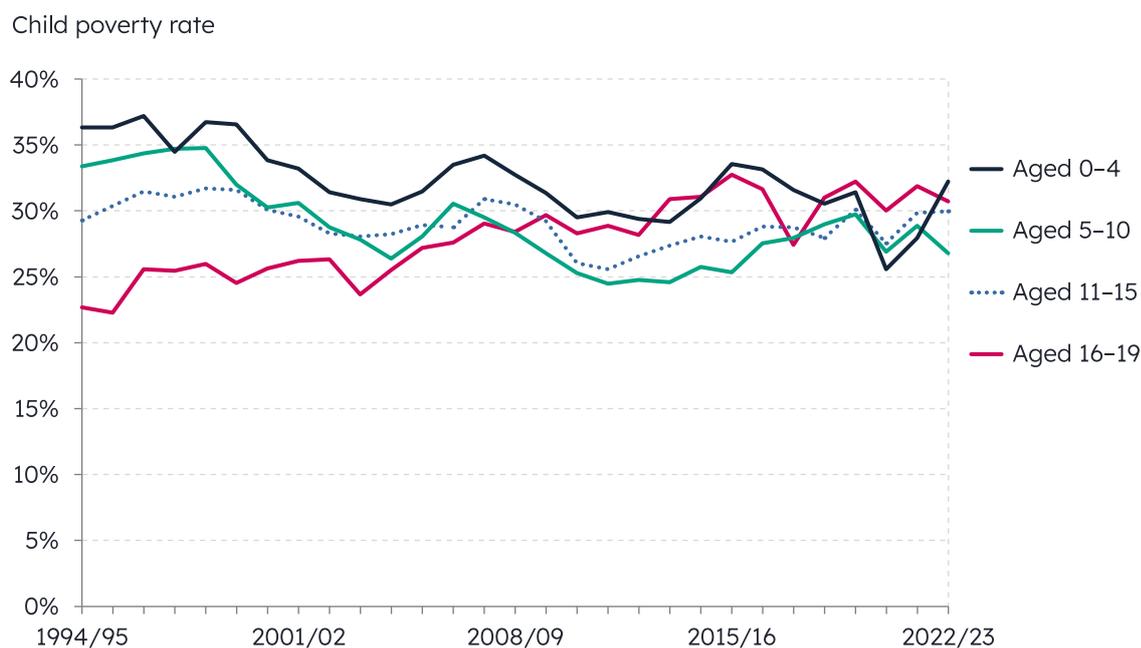
Children are at a higher risk of poverty if they are in families with younger children, particularly if they are aged between 0 and 4. Younger children have historically been at a higher risk of poverty, and the data suggests there may be a return to this pattern after the pandemic and the end of associated policy measures, like the £20 weekly uplift to UC payments, which temporarily reduced the rate of poverty.

Figure 9: Children in families with young children have consistently had higher poverty rates



Source: Households Below Average Income, 2022/23, DWP

Figure 10: ...and children aged 0-4 are at higher risk of poverty than other groups



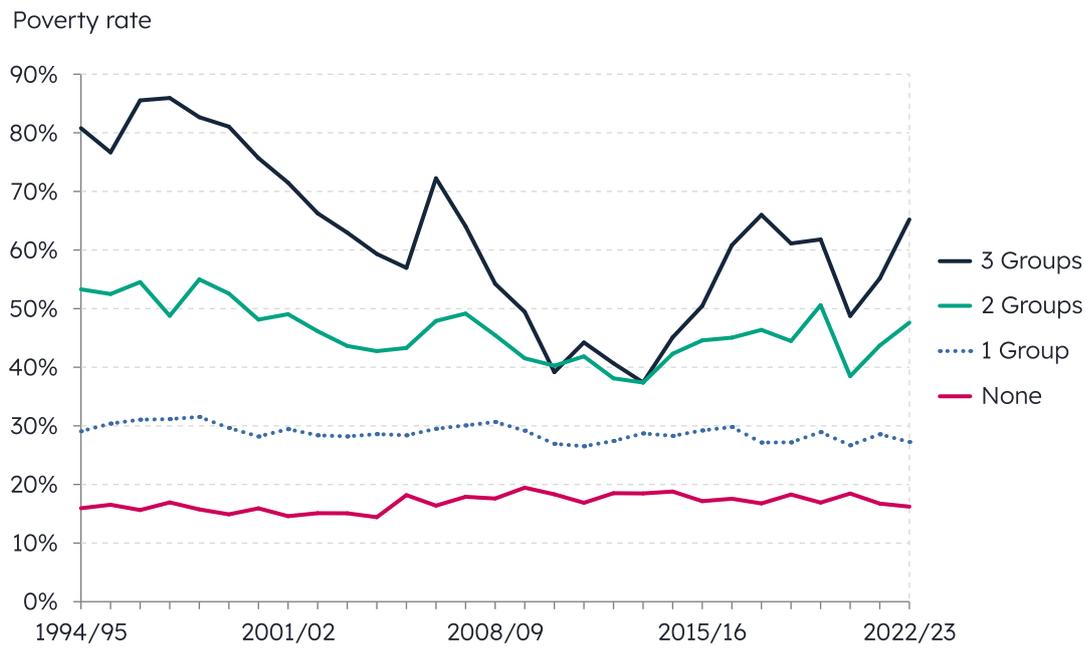
Source: Households Below Average Income, 2022/23, DWP

Children aged 16 to 19 have a slightly lower risk of poverty (31%), followed by children aged 11 to 15 (30%) and children aged 5 to 10 (27%).

It has long been the case that children who are in large lone-parent families with young children face higher poverty rates than children in only one of these groups or in none of them. The differences between poverty rates among large lone-parent families with young children and children in only one or none of those groups steadily narrowed between the mid-1990s and 2013/14, after which they began to widen again. The poverty rate of children in one or none of the groups has remained relatively stable over time.

In 2022/23, a sizeable majority of children in large lone-parent families with young children (65%) were in poverty – 13 in 20, compared to nearly 10 in 20 of those in 2 of the groups (48%) and just over 5 in 20 of those in one group (27%). Meanwhile, just 16% of children in none of the groups – around 3 in 20 – were in poverty.

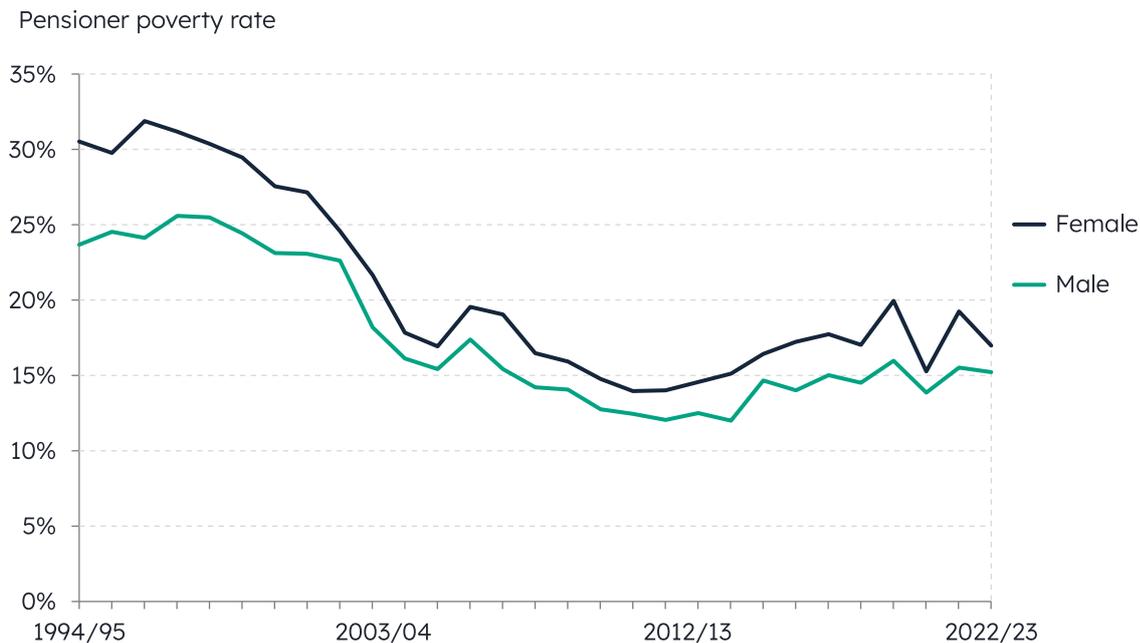
Figure 11: Poverty rates for children at the intersections of families with young children, large families and lone-parent families have been rising since 2013/14



Source: Households Below Average Income, 2022/23, DWP

Another persistent trend is rising pensioner poverty, which has also been increasing since around 2013/14, following nearly 2 decades of falling poverty rates. Since 2019/20, poverty rates have been fluctuating, with poverty rates falling in 2022/23 – in particular for female pensioners, narrowing the historical gap with male pensioner poverty.

Figure 12: Pensioner poverty has been rising since 2013/14, with female pensioners at higher risk of poverty



Source: Households Below Average Income, 2022/23, DWP

Overall, increases in poverty rates in 2022/23 were observed for some groups – young children and children in large families – and fell for other groups, such as pensioners. The effects of the cost of the living crisis have not been seen clearly in the data, as the only cost in the measure used to determine poverty is housing. See Annex 1 for more details.

What are the future prospects?

The family types with the highest poverty rates – lone-parent families, large families and families with young children – are particularly reliant on the benefits system. Pensioners, particularly those with few assets or savings, rely on the state pension and Pension Credit. Changes to eligibility or benefit levels will therefore have a significant impact on these families. Families with children are also particularly sensitive to costs, including the cost of childcare, so eligibility for support with these costs and their generosity also have an impact.

For families with children, policies like the benefit cap and the 2 child limit increase their risk of being in poverty. The 2 child limit policy, which withdraws means-tested support from third and subsequent children born since April 2017, continues to be rolled out. The latest data, for April 2024, show that the proportion of families with 3 or more children that are affected by the 2 child limit has exceeded 60% for the first time (DWP, 2024b). The new Government has committed to bringing about an ‘enduring reduction in child poverty’ and has established a

cross-Governmental Child Poverty Taskforce to develop a plan ([Cabinet Office, 2024](#)). The latter will not publish until 2025, and outside of extending the Household Support Fund until March 2025, there is an absence of immediate actions that will arrest the increase in the child poverty rate observed over the last 14 years.

The expansion of childcare support for working parents and the DWP's action to allow parents to claim this support upfront rather than in arrears could help parents exit poverty by helping them into paid work or increasing their hours and pay. However, few parents have taken up this support ([OBR, 2024](#)); the total cost that families can claim back is still capped at 85%, and the policy is being accompanied by an increase in work-related activity requirements. The quality and availability of childcare provision also matter, and some parents, particularly those with young children, may prefer to care for their children themselves.

Prospects for pensioner poverty are mixed. There are some reasons for optimism: the new Government has maintained the commitment to a triple lock, which ensures the value of the state pension keeps up with prices, pensioner incomes are less affected by changes in the labour market, and more new pensioners will have some private pension provision because of the introduction of auto-enrolment into pension schemes. On the other hand, the shift from defined benefits to defined contribution pension schemes will result in more risk and volatility in occupation pensions in retirement, while lower homeownership will mean more pension-age people need to cover the costs of private rental accommodation over the coming years.

The rising level of inactivity since the pandemic among people in their 50s and 60s is also concerning, with people often underestimating their life expectancy after retirement and how long a period their retirement income needs to cover. Unpaid carers of pension age without entitlement to means-tested benefits may also face hardship as their entitlement to Carer's Allowance (CA) is affected by the value of their pension payments – though the Government's announcement in the 2024 Budget of an increase in the earnings threshold for CA will likely help pensioners keep more of their pension.

How does this section interact with other sections?

The main interactions of these factors are with the labour market and the benefits system. Certain family types, particularly those with young children or multiple children and those with only one parent, find it harder to work full-time – particularly given the cost and availability of childcare. These same households often have higher household needs by virtue of having children and tend to be more reliant on income from benefits.

Ethnicity and poverty

Why is this important?

There are large differences in the poverty rates between different ethnic groups in the UK, including between and within groups that are often considered to have similar experiences. Direct racism (through the decisions and actions of individuals and organisations), as well as social norms, policies and wider structures (like the labour and housing markets), contribute to inequitable outcomes and poverty. It is essential to highlight and understand these differences to solve poverty in the UK.

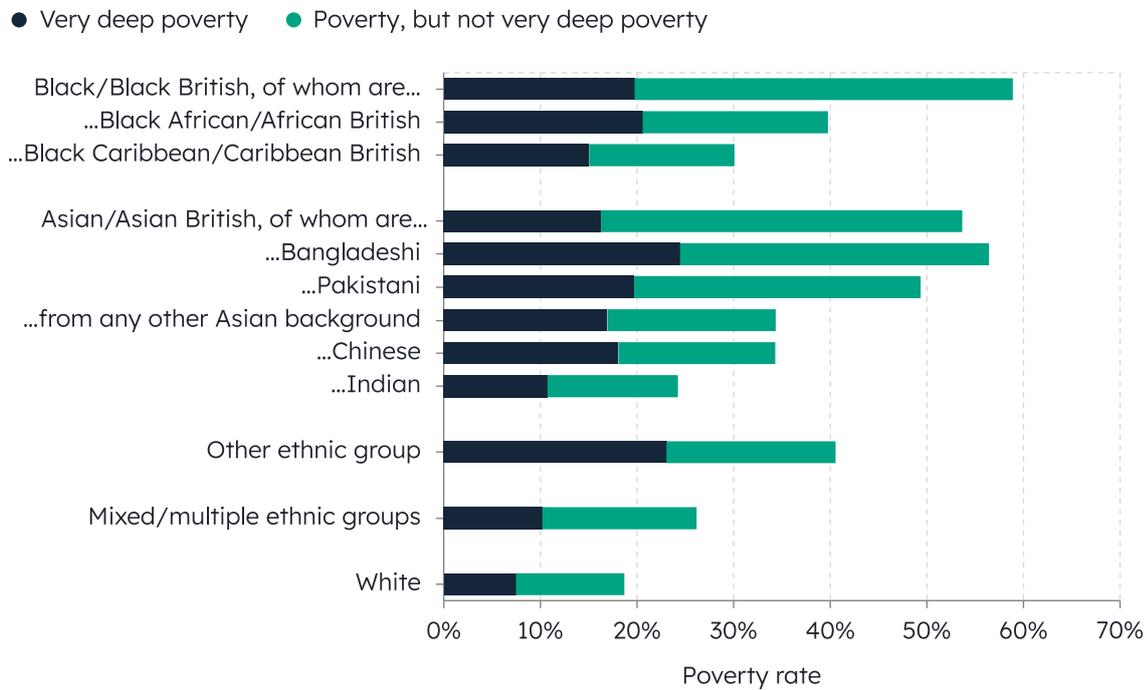
What's the headline story in the latest data?

Poverty and very deep poverty

In the latest data, poverty rates were higher among many minority ethnic groups than they were for white people in the UK. In particular, around half of people in Pakistani (49%) and Bangladeshi (56%) households lived in poverty. This made Pakistani people more than two-and-a-half times, and Bangladeshi people 3 times more likely as people in white households (19%) to be in poverty. People in households headed by someone from an Asian background other than Indian, Pakistani, Bangladeshi or Chinese, or by someone from a Black African background, were around twice as likely as those in white households to be in poverty in the UK (34% and 40%, respectively, versus 19%), while people in households headed by someone from a Black Caribbean background were more likely to experience poverty than those in white households (30% versus 19%). What the pattern of these statistics shows is that members of ethnic minority households are more likely to be in poverty than members of white households because of factors associated with skin colour. This is a trend that is found in all of the statistics in this chapter.

For very deep poverty, around 1 in 5 people from Pakistani-headed households (20%) and around 1 in 4 people from Bangladeshi-headed households (25%) were in this form of poverty (with an equivalised household income AHC that is less than 40% of the UK median). People in households headed by someone from Black African backgrounds or from 'other ethnic groups' (which includes individuals who identified as Arab or none of the specified ethnic groups in the survey) experienced similar levels of very deep poverty (21% and 23%, respectively), even though they were less likely than people in Pakistani and Bangladeshi households to experience poverty. They were all more than twice as likely as people in white households to live in very deep poverty (8% of white households lived in very deep poverty).

Figure 13: People in Black/Black British and Asian/Asian British households (particularly Bangladeshi and Pakistani households) are by far the most likely to be in poverty. People from Bangladeshi households have the highest rate of very deep poverty



Source: Households Below Average Income, 2022/23, DWP

Note: Three-year averages are used due to small sample sizes in annual datasets. In line with DWP’s approach, single-year estimates for 2020/21 are excluded due to data quality issues so these three-year averages are based on 2021/22 and 2022/23 data only.

Child poverty and very deep poverty

Poverty rates were even higher for children in Pakistani and Bangladeshi households, around 2 in 3 of whom lived in poverty (61% and 67% respectively), while around half of children in households headed by someone from Black African backgrounds (49%) and from Asian backgrounds other than Indian, Pakistani, Bangladeshi or Chinese (45%) were in poverty. They were therefore around twice as likely as children in white households to be in poverty (the figure for which was 24%). Children in Black Caribbean households also faced an elevated risk of living in poverty (38%).

Very deep poverty rates were also even higher among children. Around 3 in 10 children in Bangladeshi households (29%) lived in very deep poverty, meaning around 4 in 10 children in Bangladeshi households who were living in poverty were in very deep poverty and so faced particularly deep hardship. Over one-fifth of children in Pakistani households (22%) and from Asian backgrounds other than Indian, Pakistani, Bangladeshi or Chinese (22%) were in very deep poverty. Over one-quarter of Black African households (26%) and 'other ethnic groups' (28%) were also in very deep poverty. This is compared with 8% of children in white households.

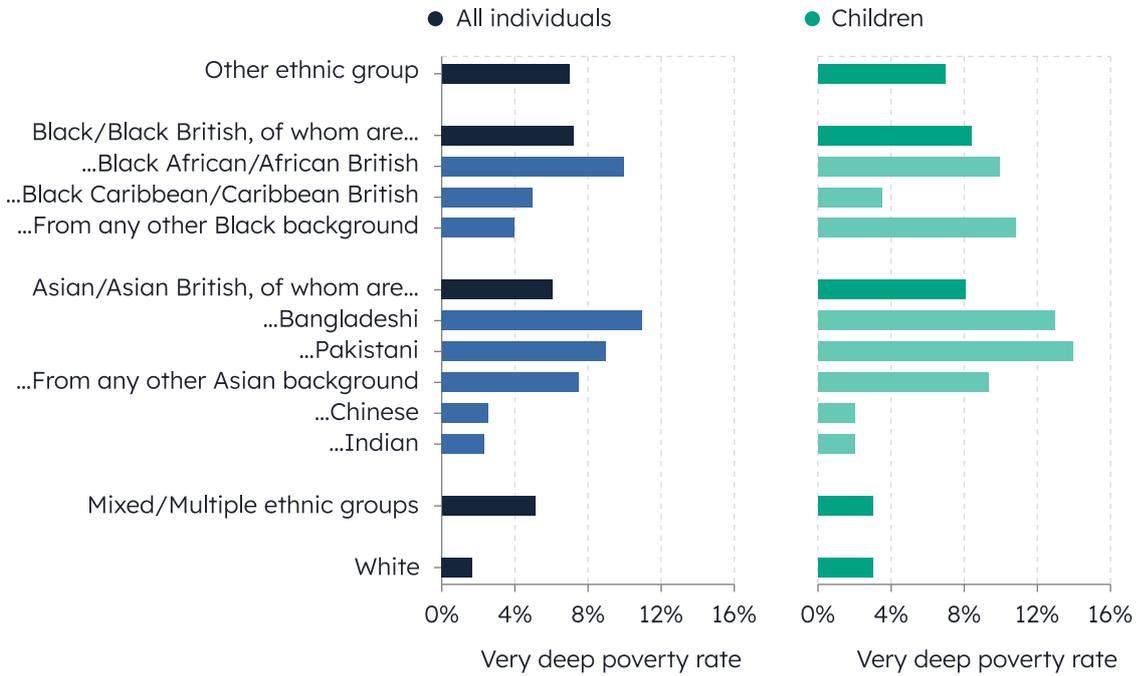
Having a higher number of children in a family increases that family's risk of being in poverty. As average family sizes tend to be larger for non-white ethnic groups, this increases their risk of poverty. However, even among large families (those with 3 or more children), poverty rates tend to be lower in white families than in families from minority ethnic groups: while 35% of people in white households with 3 or more children lived in poverty, this rose to 58% in Black households and 66% in Asian households (broader categories are used for this analysis due to the smaller sample size of large families in the data).

Persistent very deep poverty

People from Bangladeshi and Pakistani ethnic groups are not only more likely to experience very deep poverty, they are also more likely to remain in very deep poverty for a prolonged period. Between 2011 and 2021, people in Bangladeshi and Black African households (both 10%) were 5 times more likely than people in white households (2%) to live in persistent very deep poverty (that is, to live in very deep poverty for at least 3 years out of 4). Those in households headed by someone from Asian backgrounds other than Indian, Pakistani, Bangladeshi or Chinese (9%), Pakistani backgrounds (8%) or 'other ethnic groups' (7%) also faced higher levels of persistent very deep poverty.

Again, persistent very deep poverty rates were even higher among children. At least 1 in 10 children in Bangladeshi (13%) or Black African (10%) households and those from 'other Asian ethnic groups' (14%) experienced persistent very deep poverty. They were all, therefore, more than 3 times more likely to experience persistent very deep poverty than children in white households, 3% of whom experienced this ([Matejic et al., 2024](#)).

Figure 14: People in Bangladeshi, Black African and Pakistani households are the most likely to live in very deep poverty for a prolonged period



Source: Understanding Society, 2021–22, (Institute for Social and Economic Research, 2023)

How has this changed over time?

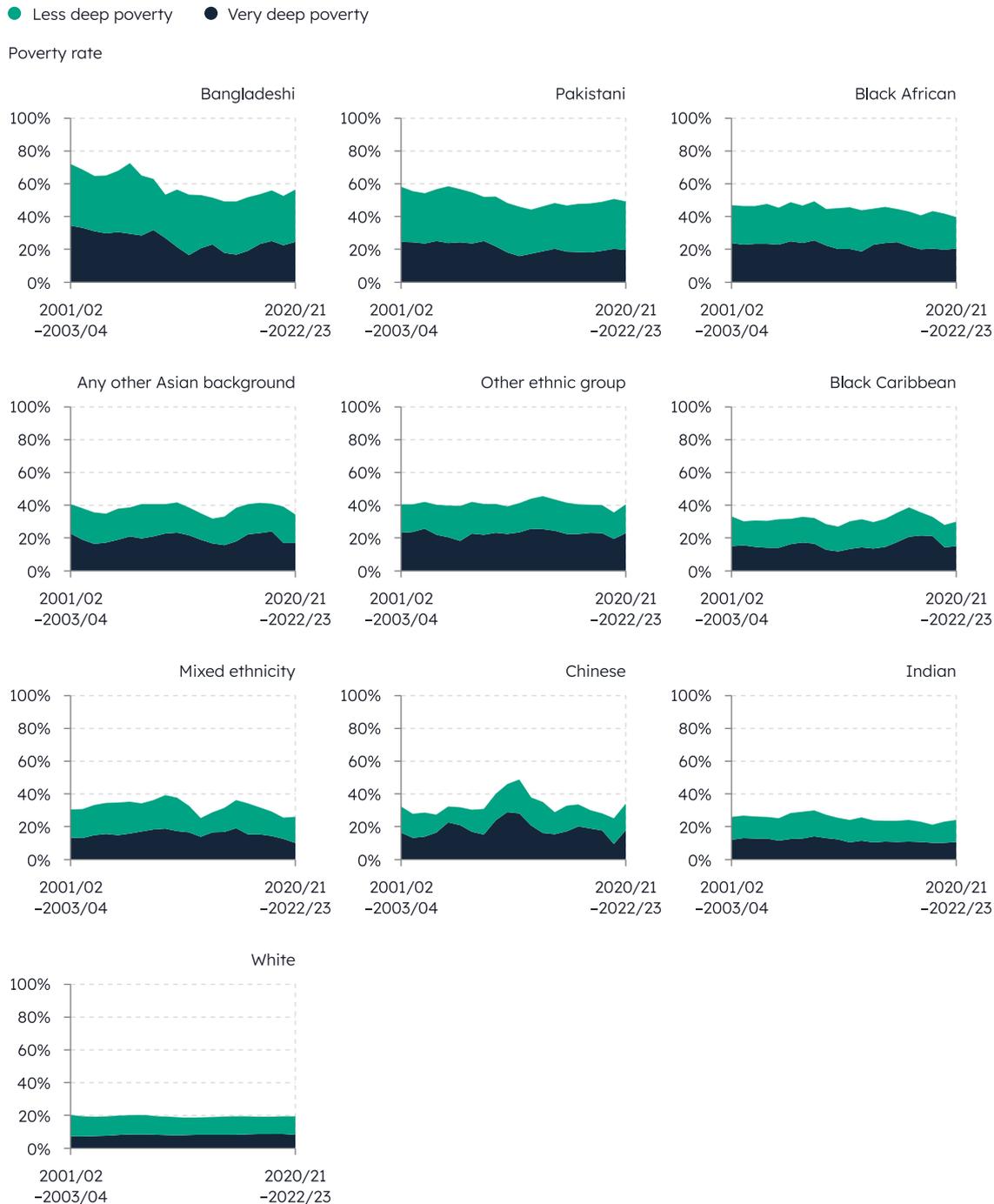
Even though they remain the most likely to experience poverty today, poverty rates for people in Bangladeshi and Pakistani households have fallen over the last quarter-century. In 2001/02 to 2003/04, the majority of people in households headed by someone with a Pakistani (58%) or Bangladeshi (72%) background were living in poverty. Today, the poverty rate for both groups is closer to a half. For Pakistani households, it is 49% and Bangladeshi households 56%. In contrast, the poverty rate for people in households headed by someone from a white ethnic background has remained relatively stable – and much lower – with around 1 in 5 people from that group living in poverty across this period. Poverty rates among Black African-headed households have also changed little, but they have consistently been around twice as high (between 40% and 49%) as poverty rates among white households (around 19%).

Levels of very deep poverty have generally followed the same pattern as levels of poverty over this period. For example, among people living in poverty, around 1 in 4 people in Bangladeshi households, and around 1 in 5 people in Black African households and Pakistani households were in very deep poverty across this period. These rates are 2 or 3 times as great as the very deep poverty rate for people in White households (8%). However, there have been improvements over the last 20 years for Bangladeshi and Pakistani households, with very deep poverty rates for people in Bangladeshi households falling from 35% to 25% since 2001/02 to 2003/04. This long-term downward momentum is positive. Very deep poverty rates did fall as low as 17% between 2015/2018, but this rate has not been bettered since.

For people in Pakistani households, the fall has been from 25% to the latest rate of 20%. This is 4 percentage points higher than the lowest rate on record (16%) in 2011/12 to 2013/14.

However, people in white households in poverty are the only ethnic group significantly more likely to be in very deep poverty in 2020/21–2022/23 (40%) than they had been in 2001/02–2003/04 (35%). While this was also the case for people in poverty from Black Caribbean and Black African backgrounds (46% and 51% in 2001/02–2003/04 compared with 47% and 52% in 2020/21–2022/23), their increases are of only one percentage point.

Figure 15: Poverty and very deep poverty rates have fallen in Bangladeshi and Pakistani households over the last 2 decades, so they are now closer to those in Black African households but much higher than for the white ethnic group



Source: Households Below Average Income, 2022/23, DWP

Note: Three-year averages are used due to small sample sizes in annual datasets. In line with DWP’s approach, single-year estimates for 2020/21 are excluded due to data quality issues so these three-year averages are based on 2021/22 and 2022/23 data only.

The number of respondents in the ‘Any other Black background’ is too small to allow robust analysis so they are not shown as a separate group in this chart, but they are included in the overarching category of ‘Black or Black British’.

What are the future prospects?

Around 1 in 3 Bangladeshi families (33%) and Black, African, Caribbean and Black British families (30%), and 1 in 4 Pakistani families (27%) receive income-related state support. This is compared with 19% of white families. Therefore, the value of benefits – and the need for uprating them in line with inflation at the very least – is particularly important for these groups. The Government’s decision to uprate all benefits, such as UC, in line with inflation in April 2025 is welcome. However, as the real value of benefits is close to historic lows and the basic rate of UC does not cover the cost of essential goods and services, many minority ethnic families will continue to struggle.

The cost of living crisis has hit many people from minority ethnic backgrounds hard. Between July and October 2023, around half of adults from Asian (56%) and Black (51%) ethnic backgrounds said they were finding it difficult to afford their rent or mortgage payments, compared with a third of white adults (38%). During the same period, adults from Black ethnic groups (10%) and from ‘Any other ethnic groups’ (12%) were more than twice as likely as adults from white (5%) ethnic groups to have run out of food and not been able to buy more. At the same time, only one-third of Black adults found it easy to afford their energy payments (compared with over half of white adults), and 6 in 10 Black adults found it difficult to afford their energy payments compared with 4 in 10 white adults.

Many people from minority ethnic backgrounds have been left in an even more precarious position because of the cost of living crisis. Black adults face a particularly high level of financial vulnerability. Only 28% of Black adults said their household could afford an unexpected expense of £850 (compared with 6 in 10 white adults), and 25% think they would be able to save money over the next 12 months (compared with 4 in 10 white adults). They are therefore likely to be less financially resilient and may find it harder to cope with any future financial challenges (ONS, 2024e).

How does this section interact with other sections?

Minority ethnic families are disproportionately affected by changes to the benefits system ([Race Equality Foundation, 2018](#)). They are also more likely to be unemployed or working in low-pay, temporary or insecure work, so labour market trends are critical ([Race Disparity Unit and Equality Hub, 2023](#)). Having larger families and being more likely to live in urban centres such as London also leads to higher housing costs and a greater risk of overcrowding for many minority ethnic families, so housing is also an important area.

It is also crucial to consider how intersecting inequalities increase people's risk of experiencing poverty. Age, gender, family composition, disability and geographic inequalities are all key drivers of poverty themselves, but it is also important to consider how they interact with ethnicity to lead to greater inequalities. All of these are reflected upon in the relevant sections of this report.

Geography and poverty

Why is this important?

Across the nations, regions and local areas of the UK, differences in employment opportunities, levels of wages, the adequacy of benefits and housing costs are important determinants of poverty rates. While, ultimately, Westminster maintains control over many policy and fiscal decisions, the devolution of powers to the Governments in Edinburgh, Cardiff and Belfast, and to the mayoralities in London and across England, as well as the ongoing role of local authorities, present politicians and political leaders at national and local levels with policy levers with which they can seek to address poverty.

It is important to understand how drivers of poverty interact to produce different rates of poverty at national, regional and local levels, and to monitor rates of poverty over time to ascertain the progress of the UK Governments and political leaders in solving poverty across the UK.

What's the headline story in the latest data?

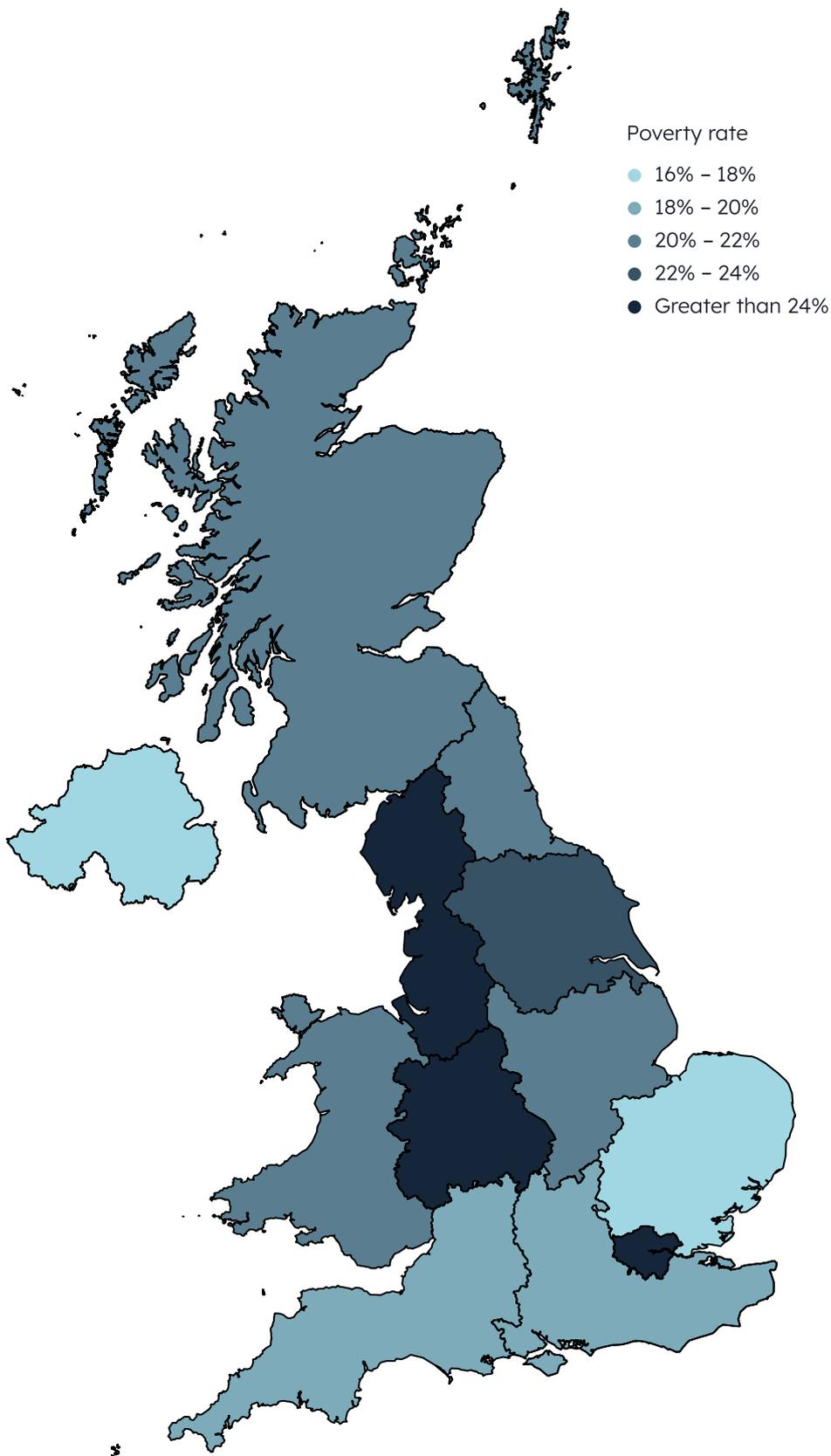
This section sets out the poverty rates and key drivers of poverty across the nations and regions of, and parliamentary constituencies in, the UK. Poverty rates by nation and region are calculated using 3-year averages; however, due to data-quality concerns for the first year of the Covid-19 pandemic – financial year 2020/21 – the average has been calculated excluding data for this year. Therefore, the poverty rates for 2018–21 through 2020–23 are calculated based on 2-year averages and carry a greater level of uncertainty.

Table 6: Average number of people in poverty and poverty rates by UK Nation/region, 2021–2023

| Nation/region | Number in poverty | Poverty rate (%) |
|--------------------------|-------------------|------------------|
| North East | 600,000 | 21 |
| North West | 1,800,000 | 25 |
| Yorkshire and the Humber | 1,200,000 | 23 |
| East Midlands | 1,000,000 | 20 |
| West Midlands | 1,600,000 | 27 |
| East | 1,100,000 | 18 |
| London | 2,200,000 | 24 |
| South East | 1,700,000 | 19 |
| South West | 1,100,000 | 19 |
| England | 12,300,000 | 22 |
| Wales | 700,000 | 21 |
| Scotland | 1,100,000 | 21 |
| Northern Ireland | 300,000 | 17 |
| UK | 14,400,000 | 22 |

Source: Households Below Average Income, 2022/23, DWP

Figure 16: Poverty rates by nation and region



Source: Households Below Average Income, 2021/22 & 2022/23, DWP

In the latest year's data, the average poverty rates in England (22%), Wales (21%) and Scotland (21%) converged at around the same level, while poverty rates were much lower in Northern Ireland at 17%. Below these headline rates, there is substantial variation in poverty rates across regions and England and in child poverty rates between local authorities and parliamentary constituencies across the UK.

The variations in poverty rates across the UK are driven by the interactions between the labour market (levels of employment, sectors worked in and rates of pay), the housing market (mix of tenures and housing costs), and rates of benefit receipt and levels of benefits, alongside wider demographic factors (age, family types and sizes). The main drivers of poverty vary across different geographies – a greater reliance on renting and higher costs of housing are substantial drivers in larger cities in particular, while lower rates of employment, with fewer employment opportunities alongside a greater concentration of employment in lower-paid roles and sectors, are more significant drivers of poverty across many post-industrial and coastal areas.

Research carried out by Loughborough University on behalf of End Child Poverty ([End Child Poverty, 2024](#)) provides further insight into the geography of poverty by estimating the proportions of children who are in poverty AHC by local authority and parliamentary constituency. Below we include some commentary based on this analysis of child poverty rates at the constituency level.

In **Scotland**, 1 in 5 people (21%) were in poverty between 2021/22 and 2022/23; this is consistent with the average last year and higher than the average of 18–19% through the 2010s. The tenure mix and lower average housing costs are important factors in holding down poverty rates in Scotland. Relative to the other countries and regions of the UK, Scotland has the highest share of people living in the social rented sector and the lowest living in the private rented sector, while average expenditure on housing costs in Scotland is comparatively low relative to the UK average. However, the share of working-age adults in Scotland in work was lower than the UK average, while households with someone in work took home a lower level of earnings than the UK average. A higher-than-average proportion of working-age adults were either unemployed or economically inactive, reflecting a trend of increasing numbers not working due to ill-health, looking after family or home, and taking earlier retirement, increasing the risk of poverty.

Child poverty rates in Scotland (24%) remained lower than in England (30%) and Wales (29%), although slightly higher than in Northern Ireland (23%). This is likely to be due, at least in part, to the Scottish Child Payment, highlighting the effect benefits can have in reducing poverty.

However, many areas of Scotland have high levels of child poverty; all Glasgow constituencies have a higher-than-average poverty rate at, or greater than, 1 in 3 children in poverty, and all increasing by between 5–10ppts since 2014/15. The Glasgow constituencies are followed by Glenrothes and Mid Fife (33%), Ayr, Carrick and Cumnock (32%), and North Ayrshire and Arran (32%) for the highest child poverty rates in Scotland. In contrast, some Scottish constituencies have child poverty rates well below the average, with Edinburgh South, West Aberdeenshire, and Kincardine and Edinburgh West having the lowest levels at 13%. Typically, the areas with the highest rates of child poverty had lower rates of employment among working-age adults and a greater share of families living in rented accommodation – both risk factors for higher poverty rates.

In **Wales**, the latest poverty rate was 21%, around the same level as the previous year and lower than an average of 23–24% through the 2010s. This lower rate of poverty occurred despite a fall in the rate of employment and a corresponding increase in the rate of economic inactivity seen in the data, largely due to increased numbers of those who are long-term sick or disabled. Important factors preventing a higher rate of poverty in Wales are the tenure mix and housing costs. Average housing costs in Wales are lower than every English region other than the North East, and there is a higher-than-average share of people living in owned outright accommodation and a lower-than-average share in the private rented sector.

The child poverty rate in Wales was just below the national average at 29%. Many constituencies in Wales have a much higher than average rate of child poverty; within Wales the highest child poverty rates are in Merthyr Tydfil and Aberdare (35%), Newport East, Rhondda and Ogmore, Cardiff South and Penarth (all 34%), followed by Blaenau Gwent and Rhymney and Cardiff East (both 33%). On the other end of the scale, the lowest rates of poverty in Wales are in Cardiff North (19%), Gower (21%), Alyn and Deeside (22%), Neath and Swansea East (25%), and Monmouthshire (25%).

Northern Ireland has consistently had a much lower, if not the lowest, poverty rate across the UK nations and regions, at 17% in the latest year's data. Tenure mix and housing costs play an important role in the much lower poverty rate; on average housing costs in Northern Ireland are almost half of the national average for the UK, while on average social renters spend around 30% less and private renters spend over 40% less on housing costs on average than those in the same tenures across the UK. Northern Ireland also has a much higher than average share of people living in owner-occupied accommodation, and many fewer living in rented accommodation (28% compared to 35% on average across the UK). Moreover, the latest HBAI data shows Northern Ireland has the highest levels of employment among working-age adults in its history in the time series at 75%, around the UK national average, with rates of unemployment at very low levels, while levels of economic inactivity have remained fairly static (albeit consistently higher than the national average, as has been the historic trend – largely driven by ill-health and disability).

Within Northern Ireland, 23% of children were in child poverty, the lowest rate across the UK nations and regions. Belfast West was the only Northern Irish constituency to have a poverty rate above the national average, at 32%. After Belfast West, the constituencies with the highest child poverty rates in Northern Ireland were Belfast North (29%), Newry and Armagh (27%), Foyle (25%) and South Down (25%), while North Down (18%), Belfast East (18%), Lagan Valley (19%) and Belfast South and Mid Down (19%) had the lowest rates. The poverty rate for Catholics is 23% but 14% for Protestants; this is reflected in the geography of poverty in Northern Ireland where areas with much larger Catholic populations had much higher child poverty rates, while those with larger Protestant populations had much lower rates.

In **England**, the poverty rate was 22%. However, the regional breakdowns show a clear divide between the South of England on the one hand and the Midlands and North of England on the other, with London standing out in the south of England as having a high poverty rate.

In the latest data, the **West Midlands** (27%) had the highest poverty rate, followed by the **North West** (25%), **London** (24%), and **Yorkshire and the Humber** (23%), while the **North East** – having previously consistently reported among the highest poverty rates – now reported a 21% poverty rate in the latest data (2021/22 to 2022/23), just below the UK average of 22%. Data for the North East should be treated with caution; the year-on-year percentage point change in poverty rates for this region is over 4 times the change for other regions and nations on average. We will continue to monitor the trajectory of poverty rates by region in the coming years.

In the West Midlands, North West, Yorkshire and the Humber, and North East, between 25 and 30% of working-age adults are not in employment, compared to around 20% in regions with the lowest levels of poverty (the East, South East and South West of England). Across England, the North East, West Midlands, Yorkshire and the Humber, and the North West had the highest share of working-age adults in households where nobody was in work at between 14-18%, compared to around 10% in the southern English regions with lower poverty rates. Moreover, households where someone was in work in these regions in the North and Midlands took home substantially lower levels of earnings on average than in regions in the south of England, with workers in the North and Midlands more likely to be in 'routine occupations', which tend to be lower-paid roles. They also tend to have a higher share of households living in rented accommodation and receiving UC or equivalent legacy benefits than the regions with lower poverty rates.

Child poverty rates are highest in constituencies in these regions; in some constituencies in the West Midlands and the North West over 1 in 2 children are in poverty. These include many in Birmingham: Ladywood (55%), Hall Green and Moseley (55%), Yardley (53%), Perry Barr (53%), and Hodge Hill and Solihull North (51%). In the North West, topping the list are Oldham West, Chadderton and Royton (54%), Manchester Rusholme (53%), Blackburn (52%), Oldham East and Saddleworth (52%), Manchester Central (51%), and Blackley and Middleton South (51%). In Yorkshire and the Humber, the highest child poverty rates are in Leeds South (44%), Sheffield Brightside and Hillsborough (43%), Bradford West (41%), Bradford East (40%), Leeds East (40%), and Rotherham (40%). In the North East, the highest child poverty rates are in Middlesbrough and Thornaby East (43%), South Shields (36%), Newcastle upon Tyne Central and West (35%), and Redcar (34%). Notably, those areas with the highest child poverty rates are often in larger cities where a much higher share of people are renters and have much higher housing costs – important drivers of poverty. Importantly, the areas with the highest rates of child poverty are also often some of the most ethnically diverse areas; the ethnicity and poverty section of this report explains why poverty rates are disproportionately much higher for some ethnic minority groups.

Many of the places in the North of England and the Midlands with higher rates of child poverty are older industrial towns or coastal towns where historically many workers would have been employed in manufacturing industries, mining, fishing, shipping or tourism industries. Today, the labour markets in these areas (rates of employment, rates of pay and sectors where jobs are available) are typically weaker than in other parts of England, which remains an important factor underpinning higher rates of poverty.

London consistently had one of the highest rates of poverty among UK nations and regions, although in the last couple of years, the poverty rate has fallen slightly to 24%. The tenure mix and housing costs are major drivers of poverty in London, where 46% of those in poverty only AHC are factored in, compared to around 1 in 4 of those in poverty in the rest of the UK on average. Approaching half of people in London live in rented accommodation, while social renters in London pay 50% more on average on housing costs than those across the rest of the UK, and private renters pay over 80% more. The rate of employment among working-age adults in London is at the UK average; however, workers tend to be employed in higher-paid occupations while households with someone in work earn around 35% more than the national average household earnings.

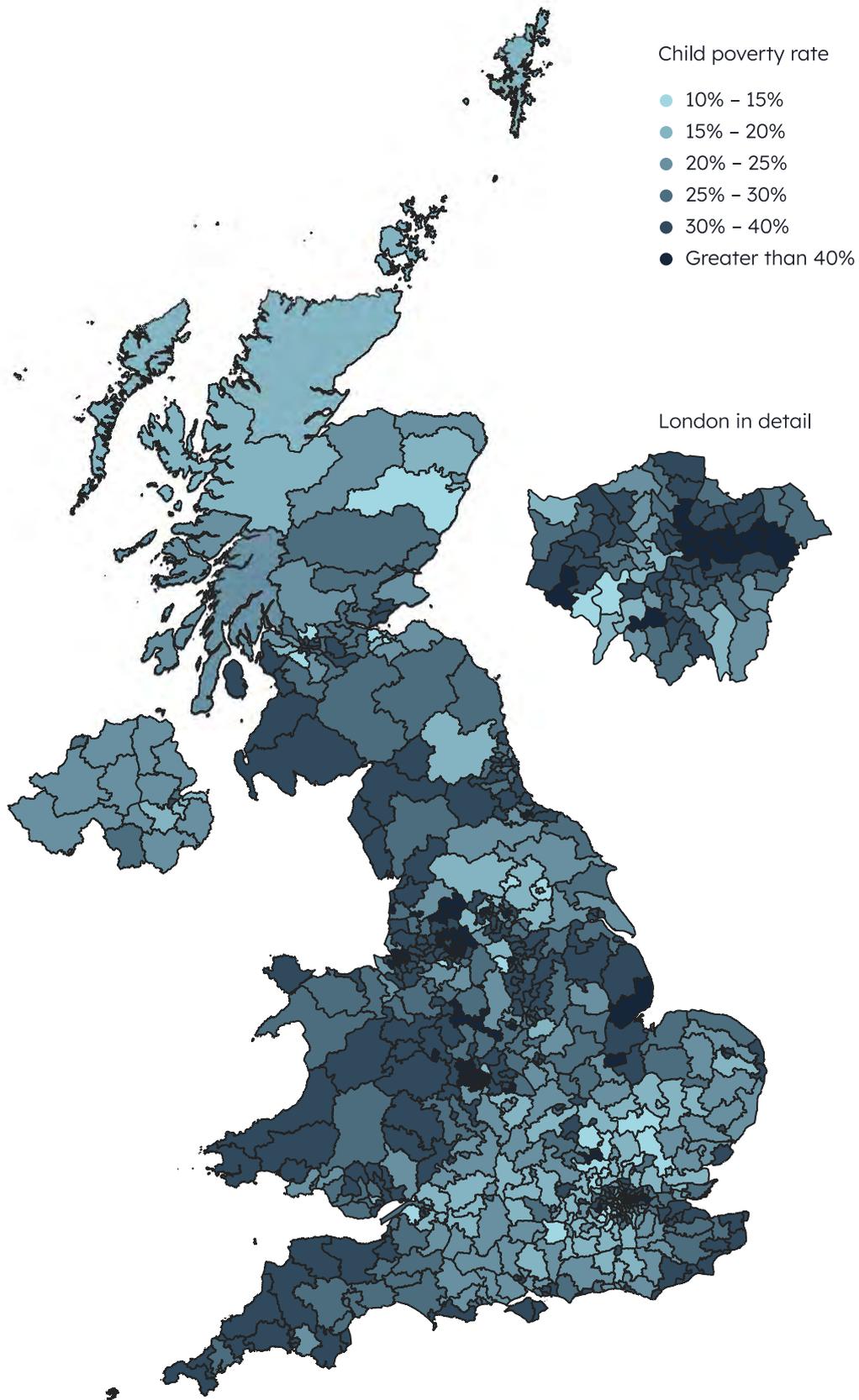
The highest rates of child poverty in London are in Bethnal Green and Stepney, and Stratford and Bow, where around 50% of children are in poverty. These are followed by West Ham and Beckton (49%), East Ham (48%), Poplar and Limehouse (44%), Tottenham (44%), and Hackney South and Shoreditch (44%). The lowest rates of child poverty in London are in Richmond Park (11%), Twickenham (13%) and Wimbledon (16%). These figures reveal the stark disparities in the financial circumstances of families across the capital, with a 40-percentage point difference in the poverty rates between the constituencies with the highest (Bethnal Green and Stepney, 51%) and lowest (Richmond Park, 11%) rates of child poverty.

Poverty rates in Great Britain were lowest in the **East** (18%), **South West** (19%), **South East** (19%) and **East Midlands** (20%) of England. Generally, this reflects the stronger labour markets in these areas, with higher rates of employment, greater proportions of workers working in higher-paid jobs and sectors, and a lower proportion of children and working-age adults in households where nobody is in work. These regions also have higher rates of homeownership and, related to this, the population skews older, with a greater share of the population being pensioners – who have a lower risk of poverty.

However, again there is a substantial degree of disparity in child poverty rates at a much more local level; across these regions, some constituencies have child poverty rates well above the national average. These include Derby South (46%), Peterborough (44%), Luton North (42%), Luton South and South Bedfordshire (41%), and Boston and Skegness (40%). Many of the constituencies with higher than average child poverty rates in these regions are in coastal towns and cities, such as Southampton Test (38%), Hastings and Rye (38%), Dover and Deal (37%), East Thanet (36%), and Plymouth Sutton and Devonport (36%), for example, where labour markets tend to be weaker, with higher rates of lower-paid and often seasonal employment.

The End Child Poverty Coalition and Loughborough University report that two-thirds of parliamentary constituencies have a child poverty rate of 25% or more. Following the 2024 UK General Election, where the Labour Party came to power winning 65% of the seats in Great Britain, over 3 in 4 children in poverty now have a Labour Party MP.

Figure 17: Child poverty rates estimates by constituency



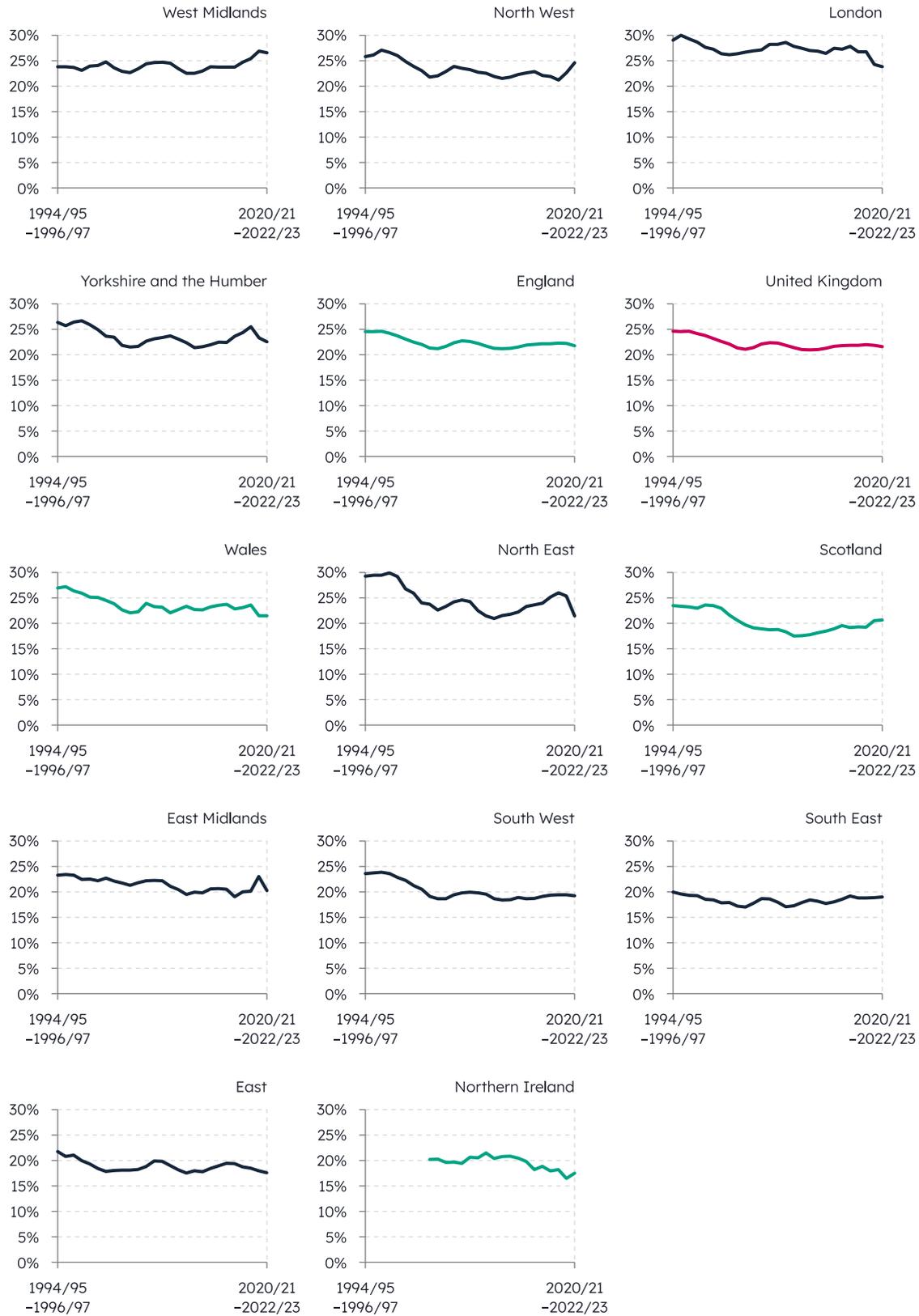
Source: Child poverty rate estimates, AHC, from Loughborough University, 2022/23

How has this changed over time?

Poverty rates across most nations and regions of the UK were lower in 2020/21–2022/23 than they had been 25 years earlier, with the exception of the West Midlands, where they increased by almost 3 percentage points. However, over the past 2 decades, poverty rates across most of the UK have been stubbornly stagnant rather than falling. Where poverty rates have fallen, this is predominantly due to falling levels of pensioner poverty (although rates of poverty among pensioners have climbed in recent years), alongside increased rates of employment among working-age adults, with rates of unemployment now at record lows. However, levels of economic inactivity have been climbing – stifling further reductions in poverty rates, as have rates of in-work poverty – explored further in the work and poverty section of this report.

Figure 18: UK Poverty rates by nation and region

Poverty rate



Source: Households Below Average Income, 2022/23, DWP

What are the future prospects?

Trends in rates of poverty across geographies are driven by trends in labour and housing markets, in rates of employment and levels of pay, and in tenure mix and levels of housing cost. They are also driven by the choices made by devolved and local governments. This section summarises the trends in these domains across geographies since the latest poverty data was published and describes the impact we might expect these trends to have on poverty rates going forward.

In April 2023 and April 2024, social landlords across the UK implemented some of the largest increases in social rents for decades (albeit representing a below-inflation increase in April 2023), and the Government is consulting on a rent settlement in England with a rent increase limit of CPI+1% for the next 5 years ([Ministry for Housing, Communities and Local Government, 2024](#)). While many low-income social renters are protected from these costs as housing support covers all or some of their housing costs, those most exposed to financial hardship from these increases may include those in more expensive areas (London, the South East and larger cities) where the benefit cap restricts benefit incomes for some households. Among home buyers, the increases in mortgage repayments for those buying with a mortgage as a result of interest rate hikes are likely to disproportionately affect more recent buyers and those with larger outstanding mortgage debt, potentially exerting greater pain in parts of the UK with higher house prices.

The period of high general inflation through late 2021 to early 2024, eventually returning to target in May 2024, has driven a period of relatively high earnings growth and substantial rent increases. Increases in private rents on average across all geographies had previously lagged behind inflation, but where general inflation has come down, rental price inflation remains high at an average annual increase of around 9% across the 4 UK nations ([ONS, 2024g](#)). Increases in rents on average are currently highest in London, the North West, the East Midlands and the West Midlands. In some regions, the increases in asking prices for new private rentals have remained elevated, with year-on-year growth of around 7.7% in the North East, 7.3% in the West Midlands, 6.8% in the North West and 6.3% in Scotland ([Rightmove, 2024](#)) with the rents being charged for new lettings substantially higher than the average for all tenancies, demonstrating the particular pressures faced by those having to move home.

These trends in housing all point to the continued importance of housing costs in driving poverty rates, although crucially, the extent to which they translate into increased poverty risk will be determined by how they interact with the labour market (employment rates and wage growth) in each nation and region of the UK and the adequacy of the benefits system. How each government responsible for housing investment and regulation reacts to these pressures will have a significant impact on poverty rates in their respective areas.

With the exception of London, the employment rate in all UK nations and regions remains below the record high rates of employment achieved by 2019, immediately pre-pandemic. The drop in the employment rate for working-age adults across 2024 (to date) on average compared to 2019 was starkest in Scotland, where it is down 5.7 percentage points, followed by the East of England (-3.1ppt), the South West of England (-2.5ppt) and North West (-2.4ppt). However the drop in the employment rate has not seen a commensurate increase in the rate of unemployment, but instead an increase in the rate of economic inactivity; all regions other than London have seen increase in the rate of economic inactivity compared to pre-pandemic, with the larger increases seen in Scotland (6.1ppt increase), the North East (2.7ppt), East of England (2.6ppt), South West (1.9ppt) and North West, and Yorkshire and the Humber (1.7ppt). There remain large disparities in rates of employment and economic inactivity across the country; for example, rates of economic inactivity, or non-participation in the labour market, among working-age adults are highest in Scotland (28%), the North East of England (27%), Northern Ireland (27%), and Yorkshire and Humberside (25%), compared to 18% in the South West and 19% in the South East.

There remains substantial disparity in average earnings across UK nations and regions, with the median earner earning up to 10% less in the North East than the national average, 8% less in the East Midlands, and 6% less in Yorkshire and The Humber, the South West and Wales. However, policies such as the substantial increase in minimum wages have meant that, across all regions, there has been much larger earnings growth for those on lower incomes than those on average incomes.

The stagnation or fall in rates of employment threatens to be a roadblock to efforts to reduce poverty rates across the country. Reducing levels of economic inactivity, particularly in those areas which have seen the largest increases and where rates remain highest, alongside continuing to improve rates of pay for lower earners, will be crucial to reducing rates of poverty and reducing inter-regional disparities in levels of poverty.

The social security policies of the devolved administrations should also show up more clearly in future datasets. It is concerning that the Scottish Child Payment does not yet seem to be fully reflected in Scottish data. To fill this data gap, in *Poverty in Scotland 2024*, we modelled the impact that we thought the Scottish Child Payment should be having on child poverty rates in Scotland (a 4 percentage point fall by 2030/31). In December 2024 the Scottish Government announced plans to mitigate the 2 child cap, bolstering incomes to the larger families with children impacted by this policy ([Scottish Government, 2024](#)). The mitigations are expected to be in place from 2026, and the Scottish Government cite analysis which finds this measure should lift 15,000 children out of poverty in Scotland. However, we would not expect this impact to show up until the full year figures for 2026/27.

How does this section interact with other sections?

This section has focused on national-, regional- and constituency-level variation in poverty rates. However, there are clearly important differences in the drivers and rates of poverty and experiences of poverty at the more local level. Local economies, including jobs and the housing market, interact to influence unemployment rates and rates of pay, as well as the availability of affordable housing.

Disability, carers and poverty

Why is this important?

There are 16 million disabled people (almost 1 in 4, 24%) in the UK – and almost 4 in 10 families contained at least one person who was disabled. Eleven per cent of children, 23% of working-age adults and 45% of pensioners self-report being disabled. Disabled people face a higher risk of poverty, driven by the additional costs associated with disability and ill-health and by barriers to work. As a result, disabled people and their families frequently rely on benefit payments as a source of income, which at current rates can fail to provide an adequate income.

Across the UK, millions of people provide unpaid care for an ill, older or disabled family member or friend. Many carers find that they struggle to balance work and care and the costs associated with caring itself, with carers often using their income or savings to pay for support services and care equipment ([Carers UK, 2023](#)). Carers also face poorer health outcomes, and a high proportion of carers struggle with mental and physical health problems ([Public Health England, 2021](#)). All these factors mean that carers are much more likely than those with no caring responsibilities to be living in poverty.

What's the headline story in the latest data?

Disability

This section sets out poverty rates for disabled people² and for individuals within families where someone is disabled, and it compares this to non-disabled people. Poverty rates for disabled people are higher than for non-disabled people, and this is true for physical, mental and other types of disability.

The poverty measure that has been used in this section measures income AHC, excluding disability benefits from household income. This is because these disability benefits are designed to cover the costs associated with being disabled. Including these alongside other forms of income can therefore give a low assessment of the poverty risk. For example, many disabled people need to buy specialist equipment to live independently, including things like powered wheelchairs or screen readers, while disabled children may need therapies such as physiotherapy and speech and language therapy. Some impairments or conditions also have a significant impact on energy costs, and for some, public transport is inaccessible, meaning that some disabled people have no choice but to use taxis and private hire vehicles to get around ([Wright et al., 2024](#)).

The poverty rate for disabled people is 30%, 10 percentage points above those who are not disabled. The difference continues to be particularly stark for working-age adults; disabled working-age adults are around twice as likely to live in poverty compared with those who are not (35% and 18%, respectively).

Table 7: Poverty rates are higher for disabled people

| Disabled/not disabled | Age group | Poverty rate (%) |
|-----------------------|-------------------|------------------|
| Disabled | | |
| | Child | 34 |
| | Working-age adult | 35 |
| | Pensioner | 20 |
| Not disabled | | |
| | Child | 29 |
| | Working-age adult | 18 |
| | Pensioner | 16 |

Source: Households Below Average Income, 2022/23, DWP

Half of all people who are disabled and living in poverty have a long-term, limiting mental health condition – around 2.4 million people. The poverty rate for disabled people with a limiting mental health condition is 36%, compared with 29% for people with a physical or other disability³. Similarly, in our cost of living tracker for Autumn 2024, we find that 85% of low-income households with a person with a mental health disability were going without the essentials, compared to 64% of households with a person with a physical disability. There is considerable overlap between these groups, with 78% of low-income households going without the essentials where there is a mental health and physical disability within the household.

The poverty rate among working-age disabled men is 37%, double the rate for those who are not disabled (17%). For working-age disabled women, the poverty rate is lower at 33%, though still 14 percentage points higher than for women who are not disabled. The lower poverty rate among disabled women compared with disabled men can be explained in part by different family structures. Among working-age adults, 45% of disabled men are single without children, 13 percentage points higher than for disabled women.

The poverty rate for individuals who live in a family where someone is disabled is 29%, 10 percentage points higher than those who live in families where no one is disabled. Of all families in poverty, just under half contain someone who is disabled, compared with just over 1 in 3 families not in poverty.

Poverty rates vary by who is disabled within the family; poverty is especially high in families where there are both disabled adults and children (36%).

Table 8: Poverty rates are much higher for families containing disabled adults and children

| Disability mix within the family | Poverty rate (%) |
|----------------------------------|------------------|
| No one is disabled | 19 |
| Disabled adults only | 29 |
| Disabled children only | 28 |
| Disabled adults and children | 36 |

Source: Households Below Average Income, 2022/23, DWP

Very deep poverty rates also follow a similar pattern. People living in a family with a disabled person are also more likely to be in very deep poverty. The risk of being in very deep poverty for people living in a family where someone is disabled increased by over a third between 2002/03 and 2019/20 to reach 14%, or 3.2 million people. This reduced over the following 3 years, to 11% in 2022/23. Nonetheless, this still means that 2.9 million people living in a family with a disabled person were living in very deep poverty in 2022/23.

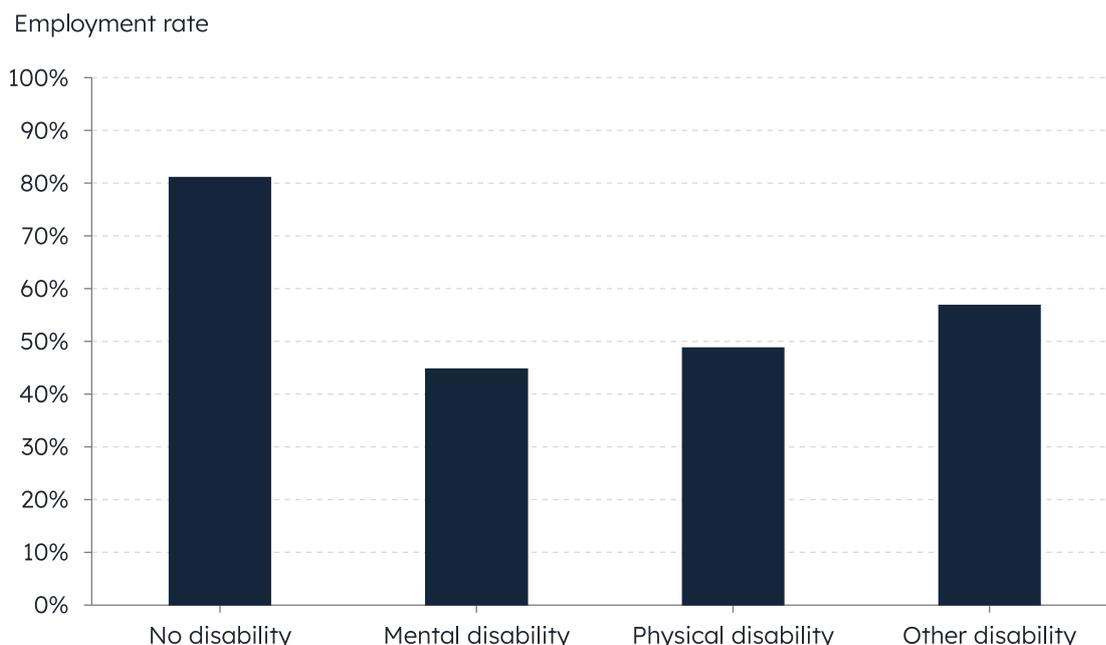
Disabled people are also more likely to move into very deep poverty, particularly working-age families with a disabled adult (Taylor & Schmuecker, 2023). People in families with a disabled adult are also slightly more likely than those without to experience persistent and short-term very deep poverty. Once again, this risk is greater for working-age families (Taylor & Schmuecker, 2023).

Among families where someone is disabled, the workless rate (the percentage of working-age adults living in families where no one is in work) was 29% compared to 12% in families where no one is disabled. Among working families, 17% of workers in families where someone is disabled work part-time hours only, compared with 10% of working people in families where no one is disabled.

A key driver of higher poverty rates is the lower employment rate for disabled people and in families where someone is disabled. From April to June 2023, half of disabled working-age adults (54%) in the UK were in employment compared with 8 in 10 (83%) of non-disabled working-age adults. This means that there was a disability employment gap between disabled and non-disabled working-age adults of 29 percentage points. This gap is greater for men, older people aged 50–64, and people living in Northern Ireland, Scotland, Wales and the North of England. Disabled people with a mental health condition or with 5 or more conditions have the lowest employment rates (DWP, 2023).

Different employment rates also help to explain the higher poverty rate experienced by people with long-term, limiting mental conditions. Amongst this group, 45% of working-age adults were in work, compared to 49% of those with a physical disability and 57% of those with another disability.

Figure 19: Employment rates vary by disability type but are much lower than for non-disabled people



Source: Households Below Average Income, 2022/23, DWP

Note: Where an individual has more than one type of disability, they are counted in all relevant categories.

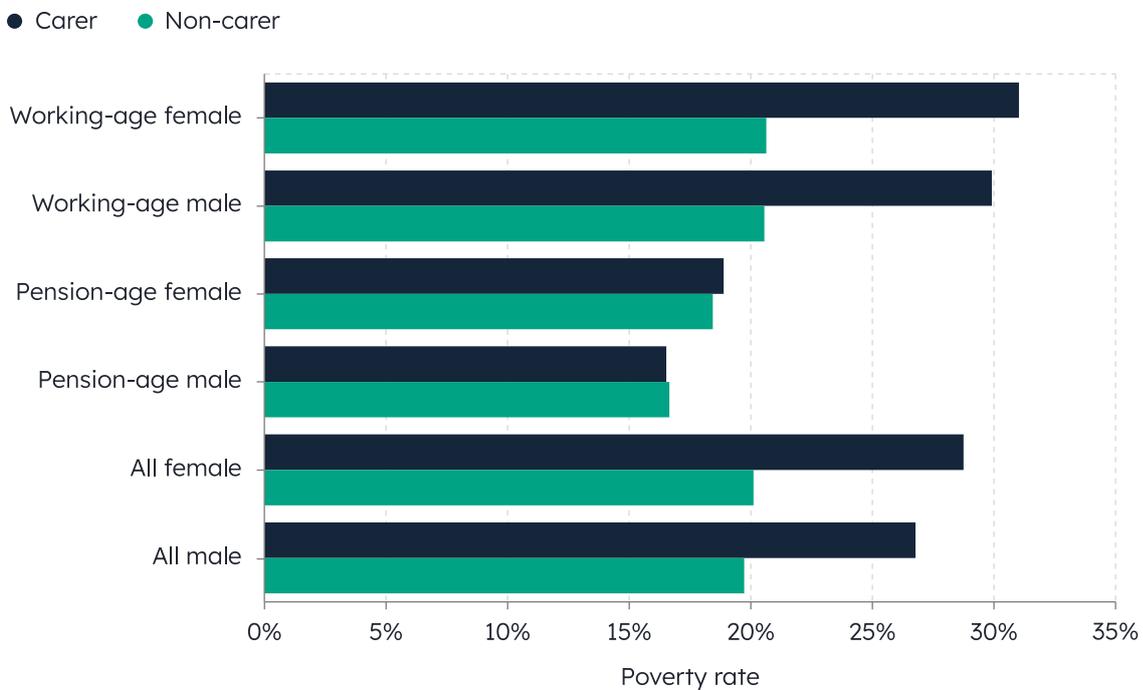
Different employment rates also impact the income profile of families. The median equivalised income AHC for people in families where someone is disabled is 78% of that of people in families where no one is disabled. When disability and carer benefits are excluded from this, this falls to only 71%.

Carers

1 in 10 adults (5.1 million) are informal carers, with 6 in 10 of these carers living in families where someone is disabled. Six in ten are women, and 8 in 10 are of working age. Just over 3 in 5 care, on average, for fewer than 35 hours a week, with just under 2 in 5 spending 35 hours a week or more providing informal care.

Informal carers are more likely to live in poverty than those without caring responsibilities (28% compared with 20%). Working-age carers have a higher poverty rate than carers of pension age, and it is higher among women than it is for men across both age groups in the latest data.

Figure 20: Poverty rates are higher for both female and male informal carers than non-carers across all age groups



Source: Households Below Average Income, 2022/23, DWP

Working-age informal carers are less likely to be employed than non-carers, a difference that can be seen amongst men and women. Around two-thirds of male carers (67%) and nearly 6 in 10 female carers (57%) are employed. By contrast, just over 7 in 10 women (73%) and 8 in 10 men who are not carers (79%) are employed.

The amount of time spent caring also affects a carer's ability to work. Six out of ten working-age adults (65%) who are caring for 35 hours or more a week are not in work – nearly 3 times the rate of those caring for fewer than 20 hours a week (23%). Nearly 3 in 10 working-age adults caring for 20–34 hours a week are not in work (30%). Of those carers who are working, those with higher caring responsibilities (35+ hours) are more likely to work part-time than those providing lower levels of care (20–34 hours or less than 20 hours): 42%, 24% and 29%, respectively.

The reduced ability to work means informal carers face a financial penalty from lost wages. JRF research found that unpaid social caregivers experience an average pay penalty of £414 per month (nearly £5,000 per year), reaching £628 per month (nearly £8,000 per year) after 6 years of providing unpaid care ([Thompson, Jitendra & Woodruff, 2023](#)).

Individual and household-level benefits payments help address some of the lost wages but do not go far enough. Research suggests CA, the main benefit for full-time carers, is ineffective at replacing earnings. Even when CA is considered alongside means-tested benefits like UC and other wage replacement benefits like pensions, these sources of income replace less than 50% of earnings for most new unpaid social caregivers who leave work ([Thompson et al., 2023](#)). To exacerbate matters, CA also had stringent earnings limits, with earnings over £151 a week (equivalent to 13 hours at the National Minimum Wage) triggering an immediate end to CA entitlement. The Government announced a change to this policy in the 2024 Autumn Budget, which would allow carers to earn £196 per week from April 2025 (the equivalent of 16 hours at the National Minimum Wage) before losing their CA payments.

Informal carers are also more likely to be in very deep poverty. The risk of being in very deep poverty nearly doubled between 2003/04 and 2020/21, from 7% to 13%. This fell back slightly to 11% in the latest data but is still higher than for people who are not informal carers at 9%.

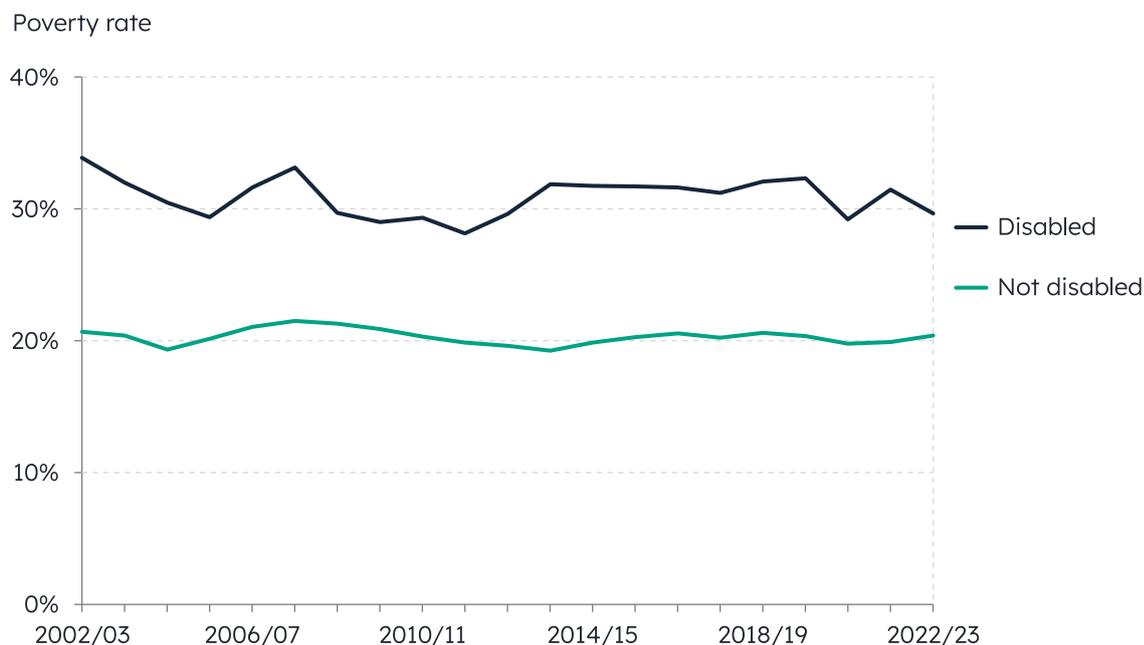
Families with an unpaid carer are more likely to move into very deep poverty than those without ([Schmuecker, 2023](#)). This is likely because unpaid social carers live on lower household incomes and may also have to change their work patterns to fit around their caring responsibilities or may experience delays in accessing disability benefits for their family, causing financial insecurity.

How has this changed over time?

Disability

The poverty rate for disabled people has remained broadly stable at around a third since 2013/14. At the same time, the proportion of the UK population reporting being disabled increased, as it has done consistently over the last 2 decades, particularly among working-age adults. This has resulted in larger numbers of people facing a higher risk of being in poverty, as poverty among disabled people has consistently been higher than among non-disabled people.

Figure 21: Poverty rate is consistently higher for disabled people than for people who are not disabled

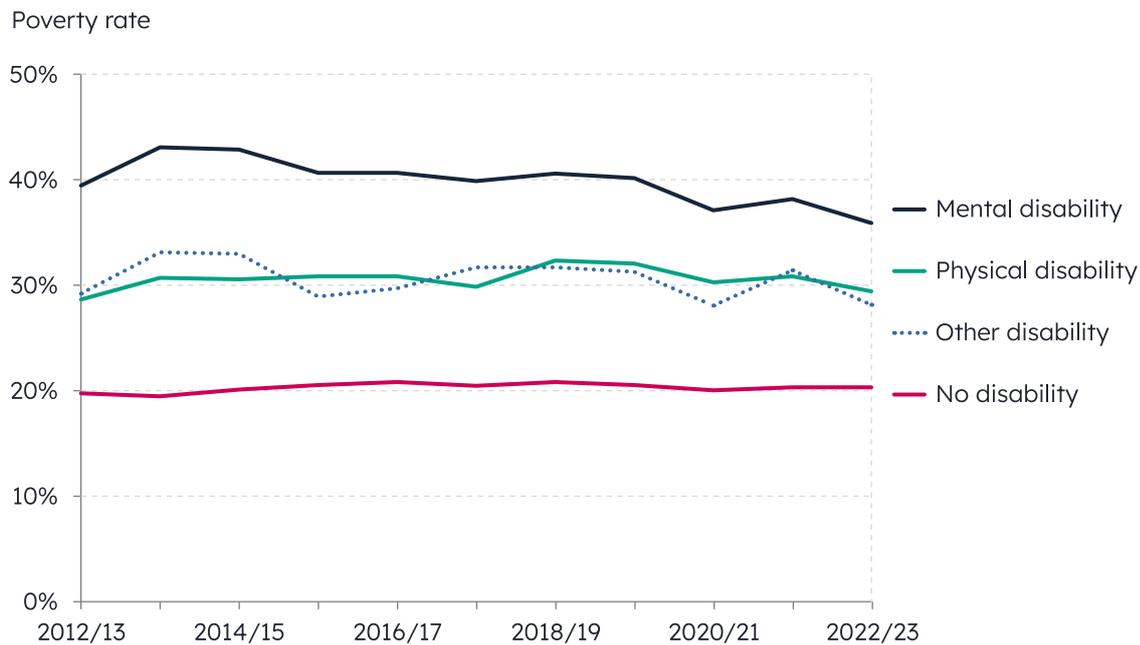


Source: Households Below Average Income, 2022/23, DWP

Note: Disability related benefits are excluded from household income.

After a closing of the gap in poverty rates between disabled and non-disabled people in the early part of the 21st century, it widened notably from 2011/12 to 2013/14 and has remained at broadly the same level ever since. The data from 2022/23 shows a 1 percentage point drop in the poverty rate for disabled people, from 31% to 30%.

Figure 22: People with a mental health condition have had consistently higher rates of poverty than people with other disabilities



Source: Households Below Average Income, 2022/23, DWP

Note: Where an individual has more than one type of disability, they are counted in all relevant categories.

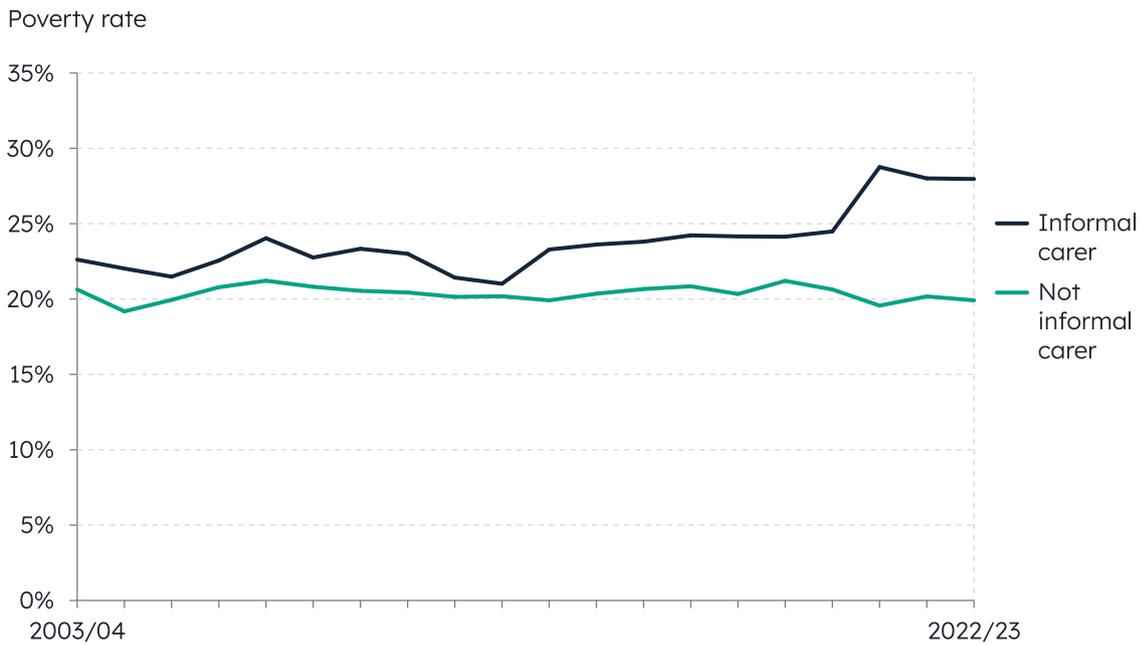
Despite the poverty rate for disabled people remaining steady, the proportion of disabled working-age adults in work has increased from 42% in 2010/11 to 53% in 2022/23. The proportion of disabled people in work who work part-time has remained relatively steady at around a third since 2012/13, compared with around a fifth of those who are not disabled. Over the same period, there was also a large fall in the proportion of disabled working-age people receiving means-tested benefits from 44% in 2010/11 to 33% in 2022/23. A combination of increasing employment rates and reforms to the social security system, such as tightening eligibility for disability benefits, will have played a role in this fall.

Carers

The proportion of adults who are informal carers has remained relatively stable, at around 8–11% over the last 20 years.

The poverty rate among carers has been consistently higher than among those who are not carers. Following a similar pattern to poverty among disabled people, the difference between the poverty rate for carers and non-carers widened after 2012/13. The gap remained broadly stable (at around 3 percentage points) until the last 3 years, when the gap increased to around 8 percentage points. This could be due to the cost of living crisis or changes in who is caring since the Covid-19 pandemic, with economic inactivity rising immediately after the pandemic and remaining well above pre-pandemic levels (ONS, 2024f). These new carers, with little knowledge of carer-related benefits, may have been particularly affected by the well-documented increases in the poverty rate among individuals who leave work to care (Thompson et al., 2023).

Figure 23: The poverty gap between informal carers and people who are not informal carers has widened even further over the last 2 years



Source: Households Below Average Income, 2022/23, DWP

What are the future prospects?

The outlook for poverty among disabled people, their families and carers remains concerning. Many disabled people are on low pay and/or still rely on benefits to supplement their incomes. The value of many of these benefits has been eroded since 2010 through freezes in real terms or lower-than-inflation uprating. The return to normal uprating in 2020 has not reinstated this lost value, and benefits continue to be insufficient in protecting disabled people and their families from experiencing poverty.

The new Labour Government has outlined a desire to move those with long-term sickness into employment where possible and has committed to reforming the Work Capability Assessment (WCA) in its manifesto to deliver the savings promised by the previous Government. The previous Government had planned to change the eligibility criteria for the WCA and increase work requirements, reducing the incomes of many disabled people. Details of the changes to the WCA that the current Government is seeking to make will come in early 2025, whilst the Get Britain Working white paper published in November 2024 fleshes out employment and health support measures that will sit alongside these reforms.

Disabled people are still more likely to be working part-time, which is characterised by lower pay ([Manning & Petronalgo, 2005](#)), than non-disabled people, and the employment gap between disabled and non-disabled people has remained at its widest since 2018. Similarly, carers are also more likely to work part-time than non-carers.

Poverty rates among informal carers are likely to remain higher than non-carers unless carer benefits payments are made more generous and carers are more readily able to balance work and care. The Government's commitment to increasing the amount carers can earn on CA before their payments are stopped is a positive step to helping carers work alongside care, but this is unlikely to address poverty rates amongst carers whose caring demands prevent them from working.

How does this section interact with other sections?

The key interactions are with the sections relating to work and benefits. The labour market does not currently offer sufficient flexibility and accessibility for all disabled people and carers who want to work. For those currently unable to work, benefit levels are inadequate.

This section also relates to the section on health, which shows that the experience of being in poverty itself can contribute to poor health, as well as the cost of living section, as many disabled families face higher core costs associated with someone's disability.

Work and poverty

Why is this important?

Work is one of the main ways of protecting against poverty, providing the main source of income for many families. The types and quality of work available, including the security of employment, are crucial: if the quantity of work available and/or rates of pay are insufficient to cover a family's needs, then workers can be pulled into poverty. Work should pay enough to enable families to get by, while the social security system must play an important redistributive role in boosting the incomes of lower earners. Factors that inhibit participation in the labour market for those who would be able to and desire to work, such as insufficient education or skills, ill-health or caring responsibilities, can prevent people from escaping poverty. And while enabling those able to work to access good jobs is fundamental to reducing poverty, the social security system must be sufficiently robust to ensure that the many people for whom participation in the labour market is not an option, whether because of age, ill-health or caring responsibilities, are not trapped in poverty.

What's the headline story in the latest data?

Among working-age adults, the in-work poverty rate was 12% compared to 43% for those not in work. However, there is substantial variation in both the types and quantity of work carried out and the reasons for not being in employment. Full-time employees have the lowest levels of poverty at 8%, followed by full-time self-employees (21%), then part-time employees (22%), while part-time self-employees have the highest poverty rate among those in work (28%). The poverty rate is higher for workers who worked 10-19 hours at 30% than for those who worked 1-9 hours (22%) or 20-29 hours (21%), while it was lowest for those working 30+ hours (9%). The lower rate of poverty for those working 1-9 hours than for those working 10-19 hours will largely be explained by the composition of households and the working status of other adults within the households.

Among those who are unemployed, that is, out of work but available for and seeking work, the rate of poverty was almost 5 times the poverty rate for working-age adults in work at 58%. The rate of poverty was over 3 times higher for working-age adults not who were 'inactive', meaning they weren't currently available for or seeking work, primarily due to permanent sickness or disability (38%) than for working-age adults in work, while the poverty rate for adults of working-age who had taken early retirement (citing it as their main reason for non-participation in the labour market) was 28%.

As a measure of household income, it is instructive also to look at poverty rates by how many people in a given household are working in total. For working-age adults in working households, the rate of poverty is 15%. This falls to 9% (2.2 million) in households where all adults are in work but doubles to 29% (3.2 million) where at least one but not all adults are in work, in many cases where one adult takes on unpaid caring responsibilities or has a work-prohibiting illness or disability.

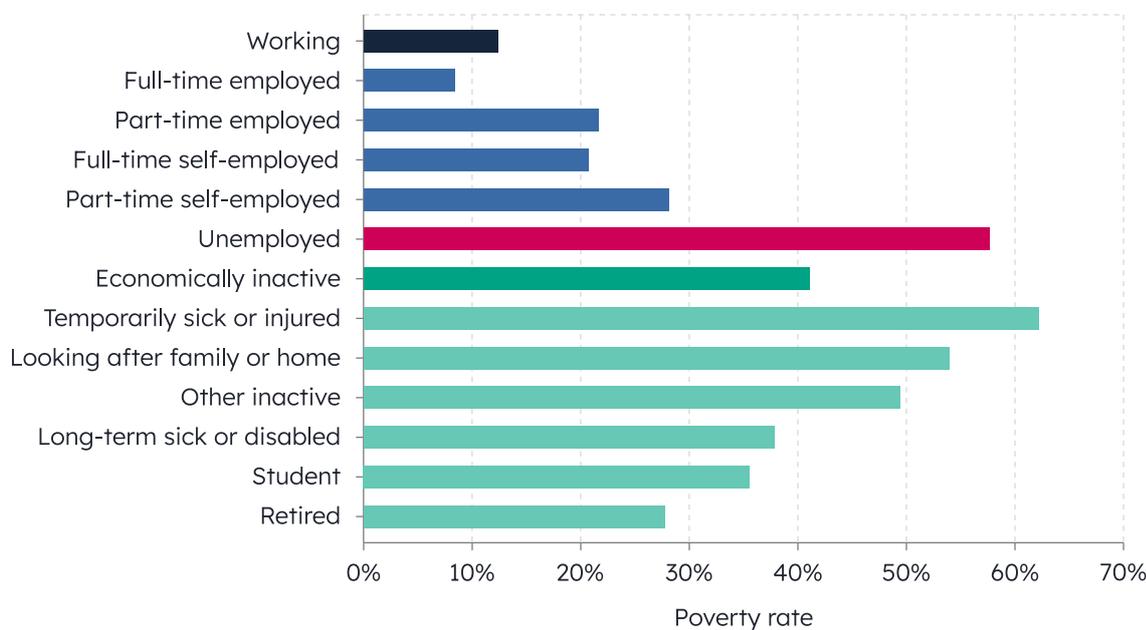
Two-thirds of working-age adults in poverty (68%) are in a household where at least one adult works, and 43% are in a family with at least one adult working full-time. That most adults in poverty are in a family where at least one adult is in work demonstrates that for too many households, work alone is not providing a route out of poverty.

Beneath the headline figures on full-time versus part-time work, the specific number of household working hours has a significant impact on people's risk of poverty. Looking at the poverty rate for working-age adults by the average numbers of hours worked by adults in the household (that is, total number of hours worked by adults in the household divided by number of adults), those working on average 30+ hours had a poverty rate of just 6%, almost quadrupling to 19% for those working 20–29 hours on average, increasing to 34% for those working 10–19 hours and reaching 8 times greater (46%) for those working 1–9 hours. The risk of poverty was only slightly higher again for working-age adults in workless households at 54%. This demonstrates the financial precarity and huge risk of poverty that comes with lower average working hours at the household level.

Among households where no adults are in work, the poverty rate for working-age adults is 54%, meaning that of the 4.9 million working-age adults in workless households, 2.6 million were in poverty. Of these 2.6 million adults, 1.5 million were in a family where someone had a disability, and 900,000 reported that a permanent sickness or disability was their primary reason for being unable to work.

Figure 24: Poverty rates are highest among working-age adults who are out of work due to temporary sickness or injury or because they are looking after family or home, and for those who are unemployed, and lowest for those in full-time employment

Working-age adults



Source: Households Below Average Income, 2022/23, DWP

The disparities in poverty rates by household work status are starker again when we look at child poverty rates; almost three-quarters (74%) of children in families where no adult is in work are in poverty, amounting to 1.2 million children across the UK. This compares to a still shockingly high poverty rate of 50% for children in families where at least one adult is (but not all adults are) in work (1.7 million) and 14% of children in poverty in families where all adults are in work (1.3 million) (note that this includes children in single-parent families where that parent is in work). It is noteworthy that 71% of children in poverty are in a household where at least one adult works – and 52% of children in poverty are in a family where at least one adult is working full-time.

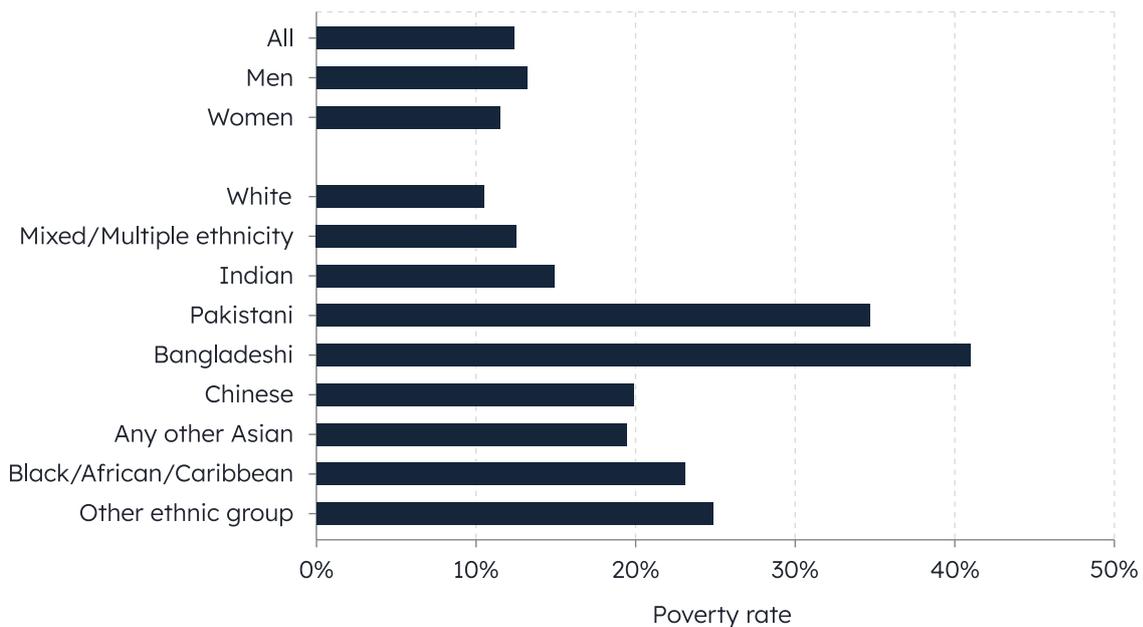
Poverty rates for working-age workers also vary substantially by ethnicity, with over a third of working Bangladeshi (41%) and Pakistani (34%) adults in poverty, while working-age workers of every ethnicity other than white are more likely to be in poverty than the average for all workers. This trend is largely explained by household working status, where groups with the highest in-work poverty rates are disproportionately in households where not all adults are in work. This is typically because non-workers are economically inactive and not seeking work, with the most frequent reason given being that they are looking after the family or home. However, beyond household working status, the people from the minority ethnic

groups with the highest in-work poverty rates also disproportionately work in lower-paid sectors and in lower-paid roles and are more likely to be working part-time (and lower average numbers of hours) or be self-employed, both of which carry much higher poverty risk. The intersection of ethnicity and poverty explains the role of other important factors influencing much higher poverty rates for people of different ethnicities, including family size and housing tenure.

While the poverty rate for women overall is higher than for men, the working-age in-work poverty rate is slightly lower for women than for men. This is explained largely by household compositional factors, where working men are more likely to be in households where fewer than all adults are in work, and working women are more likely to be in households where all adults are in work.

Figure 25: Over a third of in-work working-age Pakistani and Bangladeshi adults are in poverty

In-work working-age adults, by sex or ethnicity



Source: Households Below Average Income, 2022/23, DWP

Note: Poverty rates by ethnicity for workers uses a 2-year average for 2021/22 – 2022/23

Rates of poverty vary substantially for workers in different employment sectors, in part arising from substantial disparities in rates of pay, trends in numbers of hours worked (full-time or part-time) and whether they are employed or self-employed. The employment sectors with the highest rates of poverty for working-age workers were accommodation and food services (23%), administrative and support service activities (21%), and agriculture, forestry and fishing (21%), all of them much higher than the average of 12% for all workers. Rates of poverty are also higher than average for workers in 'other services' (17%) (this is a broad category which includes jobs such as working in 'other personal service activities', sports activities and amusement and recreation, activities of membership organisations, creatives, arts and entertainment activities, and working in libraries, archives or museums), wholesale and retail (16%), and transportation and storage (16%). Almost half of all workers in agriculture, forestry and fishing are in self-employment (49%), while 'other services' and administrative and support service activities also have a much higher share of workers who are self-employed (31% and 20%, respectively) compared to the average (12%). Some of the employment sectors with high poverty rates also have a much larger share of workers in part-time roles than average (and disproportionately in employment with volatile and uncertain hours), resulting in lower levels of earnings; 42% of those in accommodation and food services work part-time, as do 32% in 'other services', 30% in wholesale and retail and 29% in administrative and support services.

Figure 26: Among working-age adults in work, poverty rates were highest for those in accommodation and food services, administrative and support services and other services



Source: Households Below Average Income, 2022/23, DWP

The sectors with the highest rates of poverty among workers tend to be those with a large concentration of roles in ‘routine’ occupations (rather than ‘managerial and professional’ or ‘intermediate’ roles; note that routine occupations are those that typically require fewer formal qualifications and are often more manual roles) which typically have lower levels of pay; 47% of workers in both accommodation and food services and transportation and storage are in ‘routine’ occupations, as are 45% in wholesale and retail and 31% in administrative and support service activities (compared to 22% of all workers who are in routine roles).

Our ability to look at poverty rates for more specific job roles is constrained by sample sizes in the Family Resources Survey (FRS). Among those job roles with sufficient sample sizes to look at in more detail, we can see high rates of poverty for those in services to buildings and landscape activities (28%, including cleaning, street sweeping and landscape care jobs), food and beverage service activities (23%), residential care activities (23%), security and investigation activities (23%), crop and animal production (21%), accommodation (20%), land transport and transport via pipelines (19%) and creative, arts and entertainment activities (19%).

Around three-quarters of workers are in the private sector (76%), where the poverty rate is slightly higher than for all workers at 14%, compared to 8% for workers in the public sector (who make up 24% of workers). Public sector workers working in education have a poverty rate of 9%, and the poverty rate is slightly lower for those in human health and social work (7%) and in public administration, defence and social security (6%). The survey does not have a sufficient sample size to look at poverty rates for more discrete categories of employment or other employment sectors.

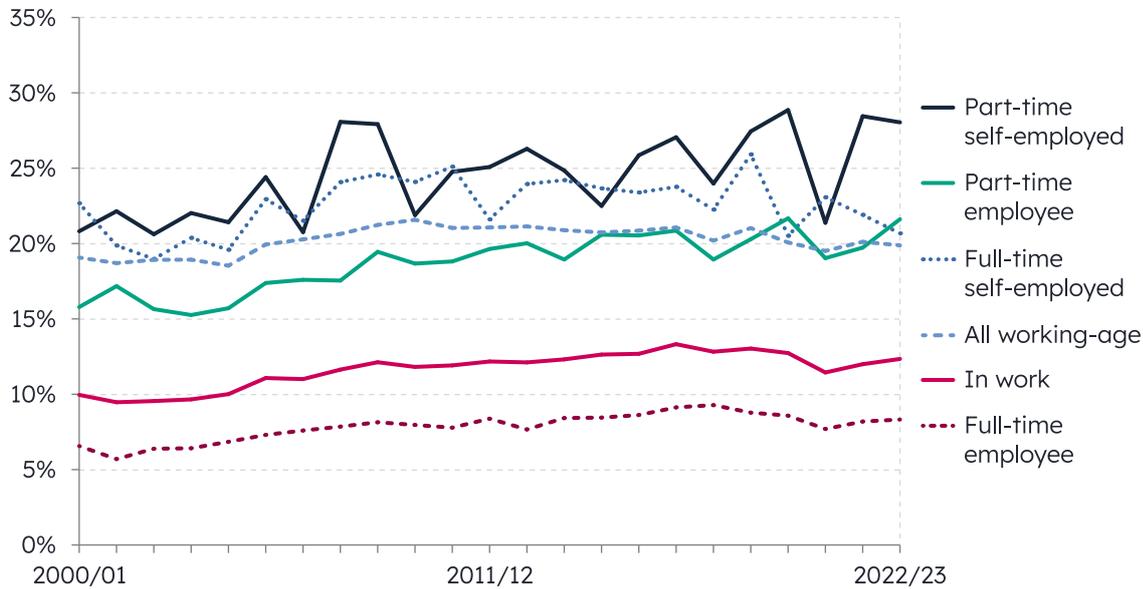
How has this changed over time?

The in-work poverty rate climbed through the late 2000s and 2010s from a low of 10% in 2001/02 to 13% by 2016/17, although it fell back slightly to 12% in 2021/22 and 2022/23. While in percentage terms, this appears to be a fairly modest increase since 2001/02, it represents an increase of 1.4 million workers in poverty since 2001/02 to 3.9 million in 2022/23, a 55% increase (compared to a 20% increase in the number of workers over the same period).

Over time, rates of poverty for full-time working-age workers have been fairly static at around 10% for most of the last 2 decades, however, for part-time workers, poverty rates have climbed substantially from lows of around 16% in the early 2000s to almost 1 in 4 (23%) by 2022/23. While the number of part-time employees increased by around 15% from 4.6m in 2000 to 5.2m in 2022/23, the number who report being part-time self-employed increased by 80% over the same period from 590,000 to 1.1m, with the poverty rate for this group specifically increasing from 21% to 28%. Both the growth in this group and the increase in the poverty rate likely reflect the growth of the 'gig economy', with increasing numbers working in insecure work and often on lower rates of pay. Overall, the poverty rate for self-employed workers has remained fairly consistently around double that of employees, at between 23 and 26% for the last decade.

Figure 27: The in-work poverty rate has climbed by 2 percentage points since 2000/01, with particularly large increases in poverty rates for those working part-time

Poverty rate, working-age adults by employment types



Source: Households Below Average Income, 2022/23, DWP

Almost 7 in 10 (68%) working-age adults in poverty are in a household where at least one adult is in work; this is among the highest shares this has ever been in this timeseries and much higher than the approximately 55–63% range it was at through the late 1990s and mid-2010s. The number of working-age adults in this position (in poverty in a working household) has increased by 54% since the turn of the century, from 3.5 million in 2000 to 5.5 million today. On the face of it, this is a concerning trend, as it suggests that despite record-high rates of employment, work is failing to protect many households from falling into poverty.

Partly, these trends are a reflection of a changing composition of who is in work; the rate of employment has been climbing for working-age parents with dependent children and increasing in particular for single parents (increasing from 49% in work in 2000 to 66% today) and adults in larger families (with 3+ children, from 65% to 72%) – both groups who are exposed to higher poverty rates as incomes must stretch further. Meanwhile, the employment rate has contracted over the last decade for older (50–64-year-old) working-age adults living in couples without dependent children in particular (many with children who are no longer dependents, others who don't have children), largely driven by increasing numbers taking early retirement (the share of this age cohort taking early retirement has approximately doubled since the turn of the century).

Another important long-term trend we have seen is the substantial real-terms increase in the National Minimum Wage, which has increased from around half of median hourly earnings in the early 2000s to two-thirds of median hourly earnings by 2024 (Cominetti & Slaughter, 2024). While this has essentially eradicated low hourly pay, this has not translated into falling rates of poverty among workers, as demonstrated above. Alongside the compositional changes in who is in work, described above, we have seen a decrease in the average number of hours worked (Cominetti & Slaughter, 2024), while a still substantial 366,000 employee jobs pay below the National Minimum Wage and NLW (ONS, 2023), in part because of lack of enforcement, and many self-employees, particularly those in the gig economy, earn an hourly equivalent below this level (Wood et al., 2023).

The data also shows a substantial decrease in reported receipt of in-work benefits (UC and equivalent legacy benefits) among workers, while benefit freezes, cuts and caps eroded benefit levels. Over the longer term, there has also been a substantial increase in the share of workers living in rented accommodation (particularly the private rented sector) since the 2000s, and consequently spending a greater share of income on housing costs. The combined impact of these 2 factors has been to reduce income from benefits and reduce disposable incomes AHC, which for low-income workers has eroded the benefit of increased earnings from employment.

What are the future prospects?

A strong labour market with a rising employment rate should deliver falling rates of poverty. However, this will be undermined if the growth in employment is disproportionately in jobs that are insecure, are of poor quality or provide insufficient hours to enable workers to earn a sufficient income. Moreover, arresting the growth in economic inactivity due to long-term ill-health needs to remain a key priority for the Government, ensuring access to sufficient health care to improve the health of the nation and to enable those who are able to and would prefer to be in work to achieve this.

The official employment rate remains slightly below pre-Covid highs of around 76%, currently at around 75%; however, this is higher than at any point pre-2016 (ONS, 2024d). These consistently high numbers of people in employment are positive, with more people in work meaning more are earning, and incomes should be higher. However, there remains cause for concern about future prospects for in-work poverty. Increases in employment have tended to be driven by part-time and self-employment, both groups that face a higher risk of poverty, where part-time employment has particularly grown for those undertaking unpaid caring responsibilities, whether for children or unwell or disabled family members. Official vacancies data shows a substantial fall in the number of vacancies from a record high in March to May 2022. However, the overall number remains high and elevated above pre-pandemic levels, a positive sign that labour market demand remains strong (Powell & Francis-Devine, 2024).

Earnings growth has also been very high over the last few years, peaking at 8.9% in April to June 2021 and remaining elevated above rates of earnings growth seen in every year since 2010 (ONS, 2024a). However, given this corresponded with a period of high inflation, in real terms, this high earnings growth translated into a real-terms fall in earnings. As of mid-2023, however, this trend reversed, and earnings grew in real terms, although the OBR forecasts disappointing wage growth in its latest Economic and Fiscal Outlook report (OBR, 2024). Moreover, the new remit for the Low Pay Commission issued by the Labour Government (Department for Business and Trade, 2024), including a requirement to account for the cost of living when setting minimum wage and removing all age bands that set lower minimum wages for younger workers, should improve levels of earnings for the lowest earners. However, it remains to be seen how the Low Pay Commission will incorporate the cost of living into its calculations and recommendations.

The new Government has expressed clear ambitions to tackle low-paid, insecure work and give more power to workers, including through the recently published draft Employment Rights Bill. Introducing new rights to secure and predictable work, including through a ban on 'exploitative zero-hours contracts', should contribute to tackling in-work poverty by reducing the insecurity and unpredictability faced by many low-paid workers.

Official statistics also show a stark increase in the share of working-age people reporting non-participation in the labour market due to long-term ill-health or disability. Whatever the cause of increasing rates of non-participation in employment due to ill-health, and while a concerning trend in and of itself for the health of the nation, this trend also has concerning implications for poverty rates as people not participating in the labour market due to ill-health have poverty rates 3 times higher than for those in work. Arresting this trend is proving to be a key priority for the new Labour Government, to be addressed through a combination of health, employment and welfare policies.

How does this section interact with other sections?

Higher employment rates, an increasing minimum wage, increasing wages and more hours of work can only protect people against poverty so far if housing costs are too high and the UK's social security system fails to be the lifeline that it should be.

The share of workers living in private rented accommodation more than doubled since 2000, from 10% to 22% by 2022/23, while the share of workers in poverty living in the private rented sector increased from 16% in 2000 to 40% by 2022/23. The much higher cost of housing in the private rented sector is an important factor trapping a large number of workers in poverty, where the poverty rate for workers living in the private rented sector (23%) is over 3.5 times that for workers who are buying their home with a mortgage (6%). The negative effects on poverty from the UK's social security system and housing costs will moderate any positive impacts of higher pay and more hours.

Individuals can also face barriers that prevent them from accessing work that guards against poverty. This includes the cost and availability of childcare and the need to provide care for any disabled adults or children. Likewise, an individual's health will determine their ability to access good work that shields them from poverty. There are also regional inequalities in the availability of work and the transport networks that affect getting to and from work in a timely or affordable way.

Benefits and poverty

Why is this important?

A poverty-fighting social security system is a necessary part of any solution to end poverty and destitution. It can replace or supplement the incomes of people who cannot earn enough money through work to meet their core living costs due to unemployment, underemployment, low pay or low-quality work. It can also offer support when people experience shocks to their income (for example, job loss) or unexpected costs (for instance, due to sudden illness), as well as supporting people who are unable to work full time (for example, because of disability or caring responsibilities).

It can also support people who have higher core living costs than others. For example, living with a disability often adds to the cost of living as energy costs may be higher. Similarly, having children is more expensive than not having them because there are extra people in the household who need support and do not contribute to the household's income.

Around half of all families in the UK receive some form of financial state support, of whom nearly half (45%, equivalent to 8.3 million households in the FRS) receive one or more of UC (or its equivalent benefits), disability benefits, CA or Pension Credit. The State Pension and Child Benefit are the most widely claimed benefits in terms of recipient numbers. UC is the largest of the income-related benefits available, with over 5 million families in Great Britain claiming this ([DWP, 2024c](#)). Recipients of income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Housing Benefit (working-age families), Child Tax Credit and Working Tax Credit – sometimes described as 'legacy benefits' – are in the process of being migrated to the UC system. Families with children, disabilities or caring responsibilities are more likely to claim income-related benefits.

Social security policy choices are therefore important as they have an impact on a significant proportion of the population, including those in poverty.

What's the headline story in the latest data?

The poverty rates of people claiming different income-related benefits are much higher than the national average poverty rate. On the one hand, this is to be expected given the 'low income' eligibility criteria for claiming these benefits, but on the other hand, it demonstrates that the level of benefits available is frequently not sufficient to enable recipients to escape poverty.

Table 9: Poverty rate for people in families in receipt of benefits

| Benefit | Poverty rate for people in families in receipt of benefit (%) |
|----------------------------------|---|
| UC or equivalents ¹ | 48 |
| Disability benefits ² | 18 |
| Carer's allowance ³ | 34 |
| Pension Credit | 27 |
| None of the above | 15 |

Source: Households Below Average Income, 2022/23, DWP

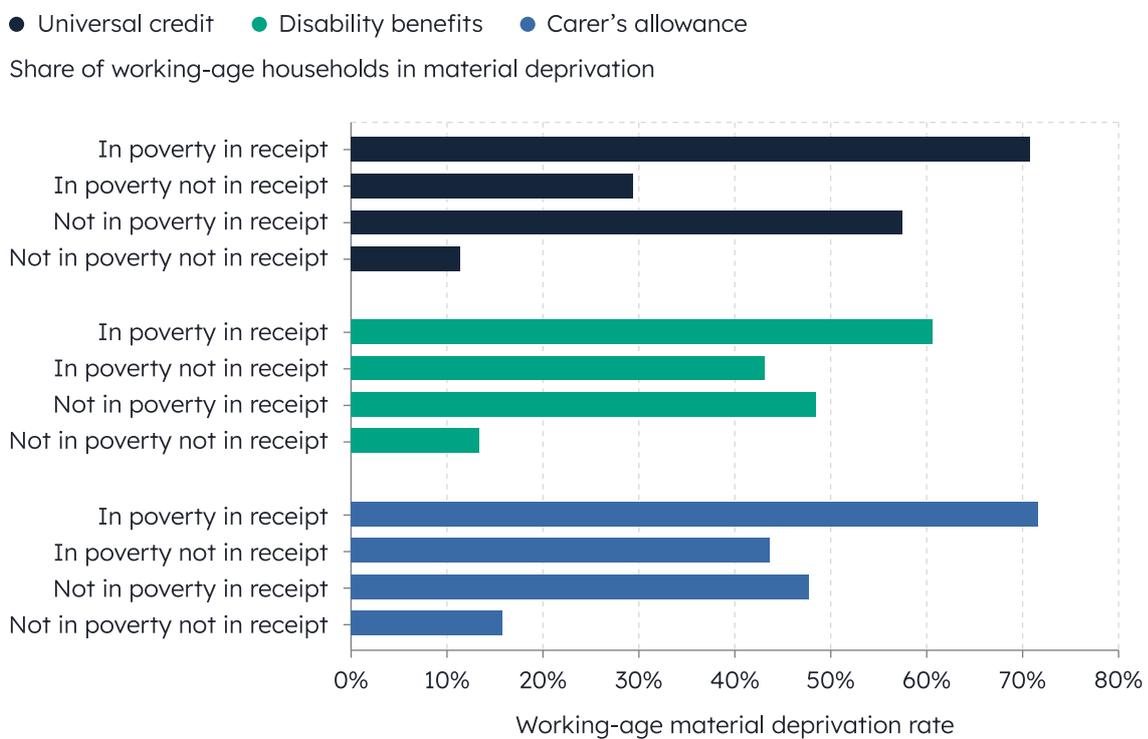
Note:

1. UC or equivalent covers families in receipt of UC or any of the Legacy benefits it is replacing, that is, working-age Jobseeker's Allowance (income-related), Employment and Support Allowance (income-related), Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit.
2. Disability benefits include any form of Disability Living Allowance, War Disablement Pension/ Armed Forces Compensation Scheme, Attendance Allowance, Industrial Injuries Disablement Benefit and any form of Personal Independence Payments. The income from these benefits has been included as income, but these are paying for the extra costs associated with being disabled, rather than increasing living standards. If these benefits are not included as income the poverty rate for this group rises to 38%.
3. CA recipients are more likely to live with someone in receipt of disability benefits. If disability benefits are not included as income the poverty rate for this group rises to 54%.

Another way of looking at benefit adequacy is to look at rates of material deprivation for people in working-age families in receipt of UC or equivalents, disability benefits and CA. Material deprivation is a measure based on whether a family can or cannot afford a range of basic goods and services, such as being able to keep up with bills and regular debt payments.

The chart shows that people in poverty in families in receipt of these benefits are much more likely to be in material deprivation than other families in poverty, with 7 in 10 working-age adults in families in receipt of UC or equivalents or CA being in material deprivation if they are in poverty. Some groups see even higher rates, with a recent JRF report (Porter, 2024) finding that 75% of adults in receipt of health-related UC are in material deprivation. It is also the case that people in families in receipt of these benefits who are not in poverty are more likely to be in material deprivation than people in poverty not in receipt of the benefits.

Figure 28: There are very high rates of material deprivation for working-age families in receipt of UC or equivalents, disability benefits and CA

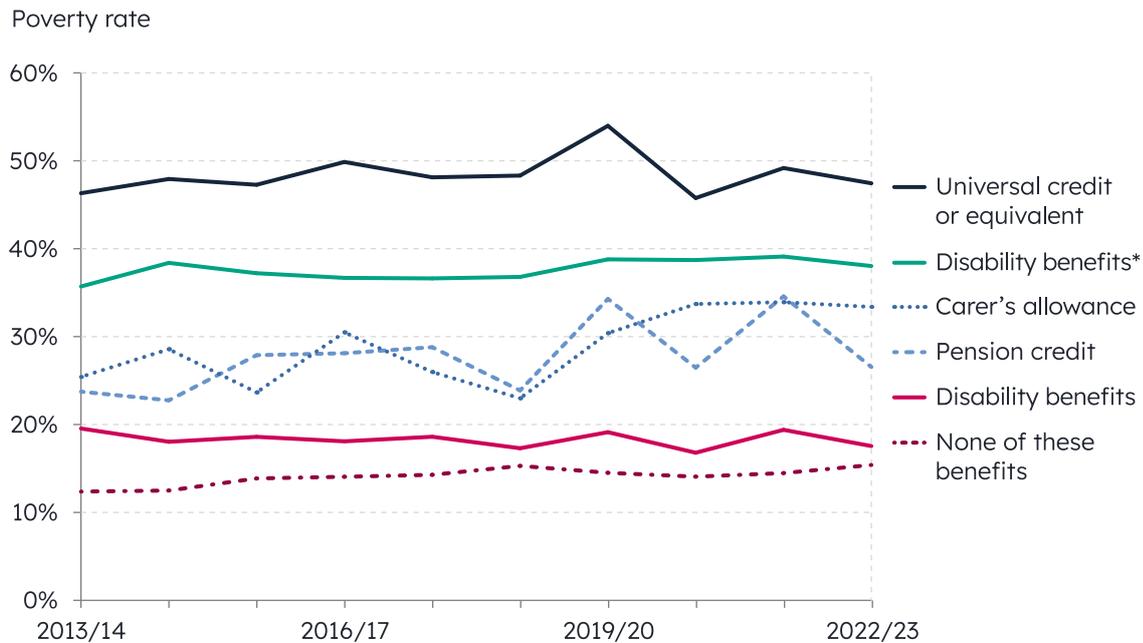


Source: Households Below Average Income, 2022/23, DWP

How has this changed over time?

Looking at poverty rates for benefit recipients over time is made difficult by changes in eligibility, especially in the early 2010s. It is for this reason that we restrict analysis here to the last decade. The gap in poverty rates between those who claim income-related benefits and those who don't has remained persistently high year on year, with recipients of UC or equivalent legacy benefits around 3 times more likely to be in poverty than those not claiming income-related benefits and recipients of CA and Pension Credit around twice as likely. Including disability benefits as income means recipients are only slightly more likely to be in poverty than non-recipients, but a fairer picture is seen if income from these benefits is excluded, as shown by the green line.

Figure 29: Benefit recipients have had much higher poverty rates throughout the last decade



Source: Households Below Average Income, 2013/14–2022/23

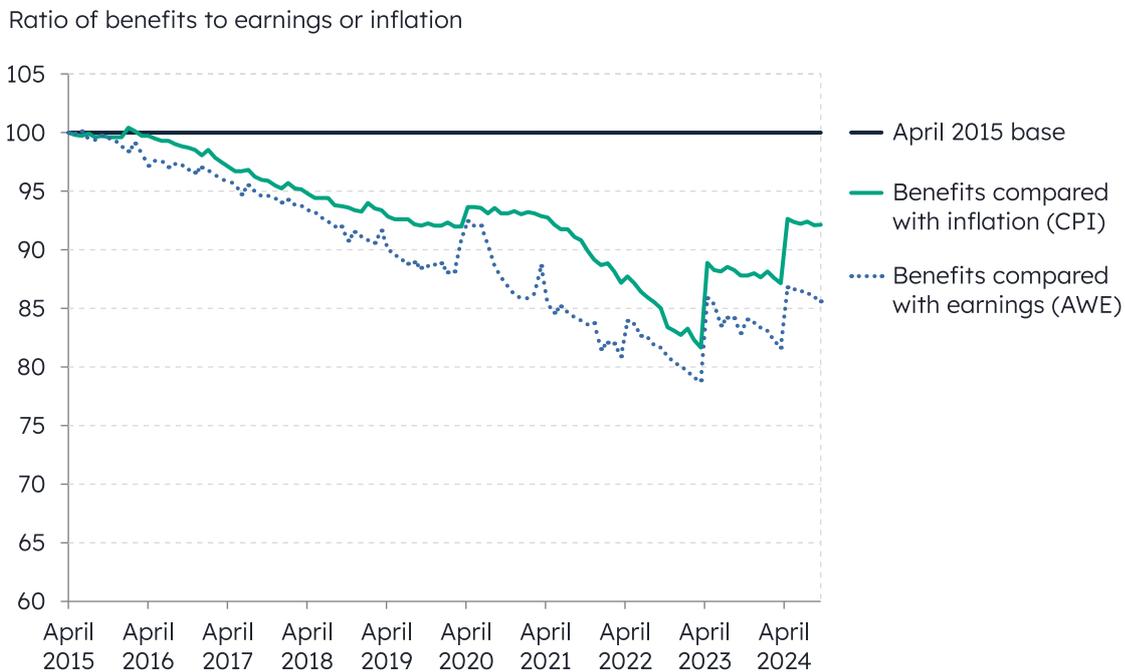
Note: *Poverty rates when extra-cost disability benefits are not counted as income

The basic rate of income-related benefits has fallen dramatically in real terms since 2015, and the resumption of uprating in line with inflation in 2020 has not done enough to bring them back to their pre-freeze value. In fact, in April 2022, during the height of the cost of living crisis, we saw the greatest fall in the real-terms value of the basic rate of unemployment benefits since 1972, when annual uprating began, due to run-away inflation ([Matejic, 2022](#)).

The last 2 sets of annual increases have occurred as the inflation rate was falling, which has enabled the basic rate to recover to around its April 2021 levels by April 2024, but values are still around 7% below their levels before the 5-year benefit freeze. Compared to earnings growth, the loss in the value of working-age benefits is even larger, at around 13% below their levels before the freeze.

It could be argued that this analysis paints a misleadingly bleak picture, as it does not include the effects of the temporary uplift in UC during the Covid pandemic (in place from April 2020 to the end of September 2021) nor subsequent cost of living payments (lump sums paid periodically between July 2022 and February 2024). On the other hand, it also excludes a wide range of further welfare reforms that have detached benefit rates from levels of need, including the introduction of the policy to pay means-tested benefits to just the first 2 children in April 2017, the freezing of LHA for much of the period, and the introduction of the benefit cap in April 2013 and its reduction in late 2016. For a comprehensive list of changes, see Hobson (2020).

Figure 30: Between April 2015 (the last year before the benefits freeze) and March 2023, the value of benefits declined over time. The last 2 sets of annual increases have restored values to around April 2021 levels



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

Income-related benefit payments fall a long way short of what is needed to enable recipients to escape poverty. Indeed, the basic rate of UC is even below destitution thresholds and well below what is needed to afford essentials like food and basic household bills (JRF and Trussell, 2024). As a case in point, the temporary £20 uplift to UC and Working Tax Credit during the Covid-19 pandemic caused a significant reduction in poverty in 2020/21, but by 2021/22 – when the uplift was removed halfway through the year – levels of poverty in households that received benefits increased again and are currently around their levels pre-pandemic despite cost of living payments in both 2022/23 and 2023/24.

Therefore, while the social security system does keep thousands of households out of poverty, current payment levels mean that thousands more continue to struggle needlessly.

What are the future prospects?

In April 2025, most benefits will be increased by 1.7% in line with inflation measured in September 2024 (with the exception of the State Pension, which is raised by a higher percentage of 4.1% due to the ‘triple lock’ – whereby the State Pension is increased by the highest of 3 different values: inflation, 2.5% or as is the case this year, the growth in average earnings). According to OBR and Bank of England forecasts, this may well be the low point of inflation in the near term, with inflation in 2025/26 likely to be higher, meaning benefits will lose a little value next year.

More significantly, the rate of LHA remains frozen at the 30th percentile of rents calculated over the year to September 2023. Between September 2023 and September 2024, average private sector rents increased by 8.4%, showing that support from the benefits system for housing costs is again being detached from the rent levels, meaning many benefit recipients will be drawing from other already inadequate non-housing related components of benefit income to cover housing costs, as they have had to do for most of the last 15 years as rates were frozen or lagged behind rent changes. Recent JRF analysis (Earwaker, 2024) has shown that if LHA remains frozen over this parliament, on average, private renters on housing benefits will be around £700 worse off per year, and 50,000 renters will be pulled into poverty.

There are no further cost of living payments planned, and the lasting impact of the benefit freeze means that benefit rates overall continue to be near an all-time low. This inadequacy is compounded by other elements of the social security system, including the continued impact of rolling out the 2 child limit, changes to sanctions and yet-to-be-finalised changes to the work capability assessments. Welfare reforms continue to have devastating effects on many families in poverty in receipt of income-related state support. Looking across all households where someone is in receipt of at least one of UC (or its equivalent benefits), disability benefits, CA or Pension Credit, on average, two-thirds of gross household income is made up of state support, showing how important these income sources are for those families.

On a positive note, it is good that the level of debt repayments that can be taken from a household's UC income each month has been reduced from 25% of the standard allowance to 15%, but much more is needed before the social security system can be said to be even close to fulfilling its potential to reduce poverty.

How does this section interact with other sections?

A well-designed benefit system can protect people from falling into poverty or into deeper poverty, and lift them out of poverty. Low benefit levels are therefore one of the key drivers of poverty rates (in combination with levels of work and earnings). A benefits system that does not offer protection against poverty can cause anxiety as well as financial hardship among those who struggle to access help.

Housing and poverty

Why is this important?

Homes provide the foundation for a decent life, connecting people to work, education, services and their communities. High housing costs pull people into poverty, leading to a risk of compromised living standards, insecurity and at worst, homelessness and rough sleeping. The experience of being in poverty also influences the type, quality and size of homes that households are able to access. It can result in insecurity if families are unable to keep up with payments and can be a driver of overcrowding.

What's the headline story in the latest data?

Housing costs are a major driver of poverty. Rates of poverty vary substantially by tenure and are particularly high among renters. In 2022/23, more than 4 in 10 social renters (44%, 4.6 million people) and over a third of private renters (35%, 4.5 million people) were in poverty AHC. Poverty among social renters is disproportionately due to low incomes, while private renters are much more likely to be pulled into poverty by their housing costs; around half of private renters (49%) in poverty are only in poverty after their housing costs are factored in.

Among homeowners, 14% of people who lived in a home that was owned outright (2.9 million people) were in poverty. For this group, poverty is driven entirely by relatively low incomes, as housing costs for this group included in this measure are negligible. Across housing tenures, poverty rates were lowest for those living in a house being bought with a mortgage at 10%, 2.2 million people, with the substantial majority (86%) of these in poverty before housing costs (BHC) (which excludes mortgage principal) are factored in, rather than being pulled in by housing costs. As of 2022/23, of those who own or are buying their home, housing costs were typically not a driver of poverty. However, as demonstrated in a later section, we are likely to see poverty rates among this group grow in the following years as the effect of rising interest rates is seen in the data, pushing up housing costs.

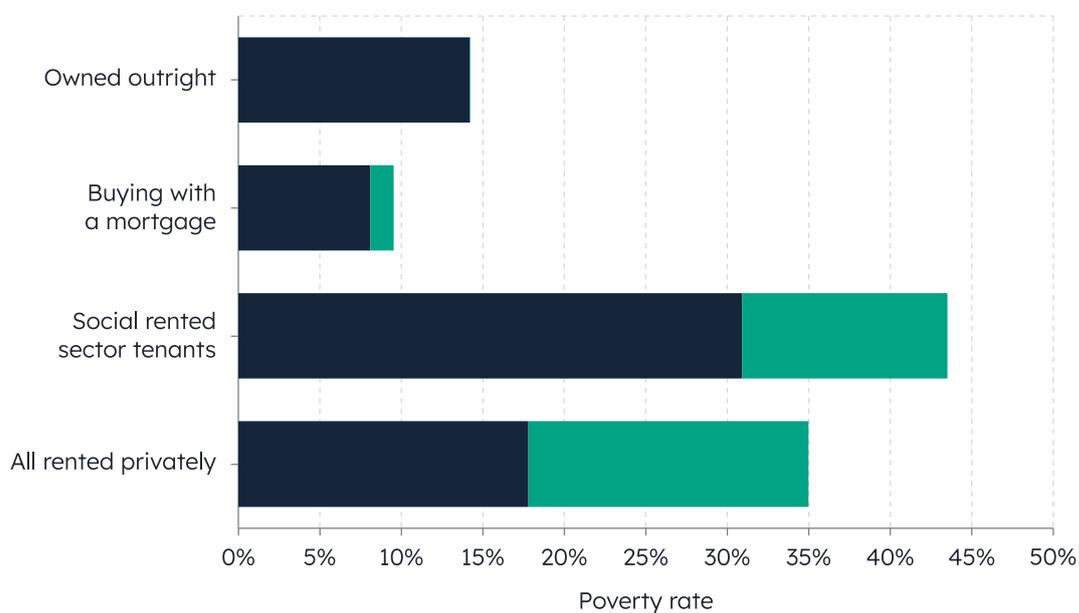
Table 10: Number of people in poverty and poverty rates by tenure

| Tenure | Number in poverty | Poverty rate (%) |
|----------------------|-------------------|------------------|
| Owned outright | 2,900,000 | 14 |
| Buying with mortgage | 2,200,000 | 10 |
| Social renting | 4,600,000 | 44 |
| Private renting | 4,500,000 | 35 |

Source: Households Below Average Income, 2022/23, DWP

Figure 31: The poverty rate is highest for social and private renters, many of whom are in poverty only AHC

- In poverty before and after housing costs
- In poverty after housing costs only



Source: Households Below Average Income, 2022/23, DWP

The high poverty rate among **social renters** reflects the allocation of social housing to those in greatest need. This is seen in the demographic composition of the social rented sector, where just over a fifth of social renters (21%) were in single-parent families (compared to 5% in all other tenures combined), the majority were in a household where someone had a disability (57%, compared with 34% in all other tenures combined), and around a quarter of working-age adults in the social rented sector were not in or seeking work due to long-term ill-health or disability (26%, compared to 4% in other tenures). They are also more likely to have larger families, which increases poverty risk as incomes must stretch further; 48% of children in social rented homes were in families with 3 or more children, compared with 28% for all other tenures combined.

People living in the social rented sector are also disproportionately in low-income households; 69% were in the bottom 40% of household incomes BHC. This, and the much higher rates of poverty among social renters, are largely driven by much lower rates of employment, with only half (50%) of working-age adults in the social rented sector in employment, compared to 4 in 5 of other working-age adults (79%). This disparity reflects the high rate of work-limiting ill-health and disability among social renters as well as the substantial proportion who were looking after their family and home, which is the case for almost 1 in 10 working-age women in the social rented sector, compared to fewer than 1 in 20 in other tenures.

However, even among adults in the social rented sector who were in work, they were more likely to be working part-time (30%, compared to 21% in other tenures), in lower-paid roles (50% in roles classified as 'routine' compared to 19% in all other tenures) and in lower-paid sectors. They were more likely to work in health services (18%, compared to 15%), retail and wholesale (15%, compared with 10%), transportation (9%, compared with 5%), administrative and support services (8%, compared with 4%) and accommodation and hospitality (8%, compared with 4%).

Given these higher rates of economic inactivity and greater concentration of employment in lower-paid roles among social renting adults, it is not surprising that they are much more likely to be in receipt of social security. Among social-renting working-age adults, 56% were in receipt of UC or equivalent legacy benefits, compared with just 10% of other working-age adults, while 27% were in a family where someone was in receipt of disability benefits, compared with 8% for other families. Among pension-age adults in the social rented sector, 33% were in receipt of Pension Credit, compared with 5% of other pension-age adults. Social-renting families are therefore particularly vulnerable to any reduction in the generosity or coverage of social security, such as the benefits freezes and caps that were characteristic of the previous decade.

Importantly, although poverty rates are highest among social renters, the scale of social housing provision is an important buffer against poverty for many families and prevents families from being pulled further into poverty. While there is work to do by social landlords to improve the quality of the homes they provide, the social rented sector has the highest share of homes that are decent and energy efficient and provides a huge number of families with secure and affordable homes.

Private renters also have a much higher-than-average poverty rate, with high rents playing an important role in pulling a substantial share of this group into poverty. On average, across the UK, private renters in poverty spend around 60% more on housing costs than social renters in poverty. Moreover, whereas the benefits system will cover all housing costs for social renters (subject to the benefit cap and bedroom tax reductions), support towards housing costs for private renters is more constrained, being at best capped at the 30th percentile of local market rents. However, it is regularly frozen, meaning a real-term cut in support, and is again subject to the benefit cap. The high cost of renting privately explains why many private renters in poverty were only in poverty AHC were factored in, while the inadequacy of the benefits system constrains the incomes of private renters.

Poverty rates were higher for private renters in the Midlands and the North of England than across the South and in the East of England and other UK nations. Between 34% and 40% of private renters in poverty in the Midlands and the North of England were in poverty only AHC were factored in, indicating that the higher cost of private renters is a driver of poverty for a substantial minority of those in poverty in these areas. However, this effect was even more pronounced in the South and East of England, where, despite a lower rate of poverty among private renters, the majority of private renters were in poverty only AHC. For example, in London and the South East of England, around two-thirds of private renters in poverty were only in poverty AHC (67% and 65%, respectively). While there are stronger

labour markets (including higher rates of employment, levels of pay and availability of employment opportunities) in these areas, the high cost of housing increases the risk of housing costs pulling people into poverty.

Poverty rates are disproportionately higher again for renters from minority ethnicities. While 1 in 3 white renters are in poverty (35%), this increases to around three-quarters of Bangladeshi renters (76%), around 6 in 10 Pakistani renters (61%), and around half of Black/African/Caribbean renters (50%) and Chinese renters (49%). The reasons for these huge disparities are multifaceted, partly explained by relatively lower average earnings, but much of the variation can be explained by geography, where many people from minority ethnic groups live and rent in cities with higher housing costs, and household compositional factors, where they are more likely to be younger, in families with a greater number of children, and in single-earner households.

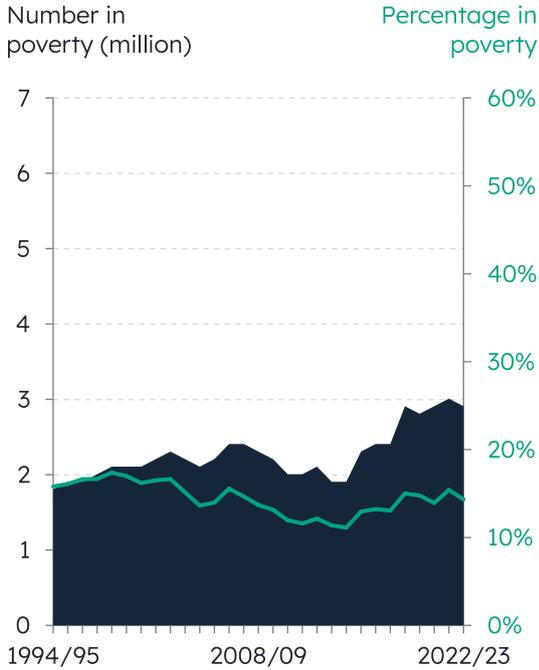
How has this changed over time?

Poverty rates across tenures have generally followed the broad trend for AHC poverty, declining until the mid-2000s and then stagnating. However, the number of people in poverty in each tenure has changed substantially, with many more people in poverty now living in the private rented sector. Changes in the tenure profile of housing are important because had housing costs remained lower because of a combination of greater provision of social housing, higher levels of home ownership, and reduced reliance on the private rented sector, rates of poverty would likely have fallen.

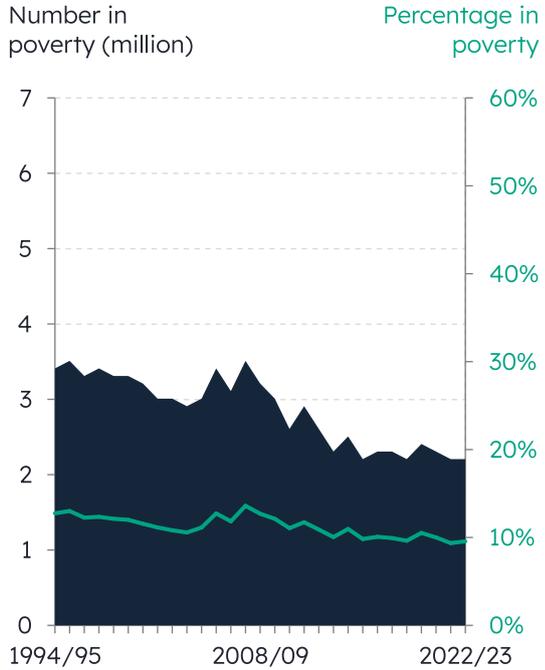
The poverty rates for social renters have remained relatively stable since 2004/05, at around 42–46%, and fluctuating between 32% and 39% for private renters, having fallen through the 1990s and 2000s from highs of 55% in 1996/97 for social renters and 44% in 1994/95 for private renters. This follows the general overall trend of a fall in poverty rates through the late 1990s and early 2000s, followed by a stagnation in poverty rates in the period since.

Figure 32: Almost twice as many people in poverty live in the private rented sector than in 1994/95, while the number of those living in poverty in owned outright accommodation increased by around one million

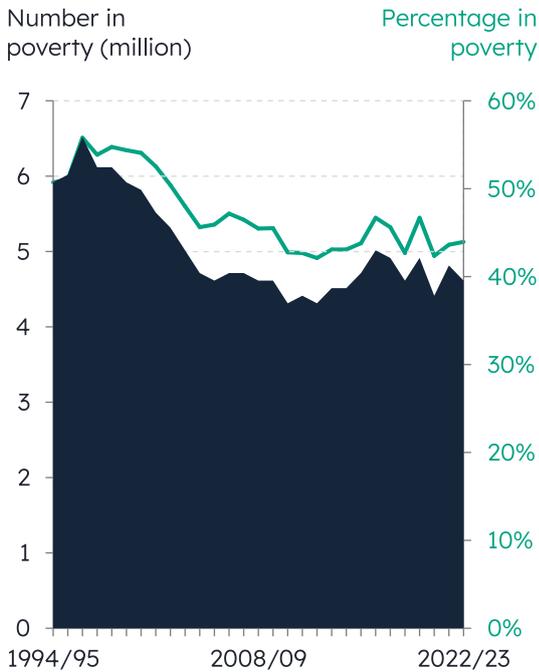
Owned outright



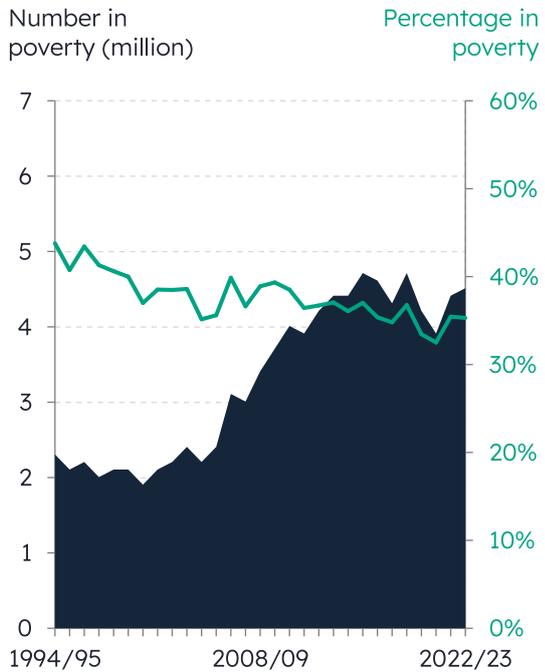
Buying with mortgage



Social renters



Private renters



Source: Households Below Average Income, 2022/23, DWP

Among outright homeowners, poverty rates fell from highs of around 17% in the late 1990s to 11% by 2013–15, although they have climbed since and sat at 14% in 2022/23. As the predominant tenure of pension-age adults, 77% of whom now live in a home owned outright, up from 58% in 1994/95 – the increase in poverty rates in this tenure has in part been driven by an increase in pensioner poverty since around 2013/14. The increase in the numbers of those living in poverty in owned outright accommodation reflects an ageing population increasingly retiring into outright home ownership.

The latest poverty rate for people living in a home being bought with a mortgage is at around the lowest it has been in the timeseries at 10%. This had sat between 10% and 12% from 2009/10, after having peaked at 14% in 2007/08. A substantial level of income is required to achieve homeownership and service a mortgage, which is why we see the lowest rates of poverty among those who have managed to acquire their own home in this way. As discussed later in this section on housing and poverty, however, the large increases in mortgage interest rates are likely to reverse this trend and see poverty rates among this group climb again.

There has been a large shift in the housing tenure lived in by the UK population across the past 20 years. There has also been, by extension, a shift in tenure lived in by those in poverty. Since 2000, the contraction of the social rented sector has continued, the share of homes that are owner-occupied has fallen slightly, and the private rented sector has doubled in size.

In 2000, just under half (45%) of people in poverty lived in the social rented sector, 15% lived in the private rented sector and 40% lived in owner-occupied housing. Now, those in poverty are fairly evenly split across the 3 tenures, with a third in social renting (33%), just over a third in owner-occupied housing (36%) and just under a third (32%) in private renting. This change in tenure, with increased reliance on the private rental market and a diminished role of the social rented sector, has brought with it increased insecurity of tenure and higher housing costs for families in poverty. Had the size of the social rented sector been maintained, the depth of poverty experienced by those now in the private rented sector, who otherwise would have been social renters, would be ameliorated, and we would likely see a lower overall rate of poverty.

What are the future prospects?

Rents and mortgage interest rates have increased notably in recent months and years and will, if unabated, lead to higher levels of poverty.

Rents in the private rented sector continue to grow at rates well above normal levels, while renters needing support with housing costs have continually had this undermined by freezes to local housing allowances and the benefit cap. Private rents are increasing at 8.7% year-on-year on average across the UK and are currently increasing much faster than average inflation ([ONS, 2024g](#)). High private rental growth is seen across the 4 UK nations and every region in England. Meanwhile, freezes to LHA have exerted pressures on private rented sector tenants in need of support whose rents are beyond the LHA level, meaning they had to make up the difference from other incomes.

Analysis has demonstrated that these freezes in housing support for private renters are particularly prohibitive for low-income families seeking a new home in the private rented sector, as the stock of homes coming onto the market where LHA will cover rents is exceptionally small in many areas ([Waters & Wernham, 2023](#)). Recent analysis demonstrates that maintaining a freeze in LHA would pull 50,000 more private renters into poverty by the end of this parliament ([Earwaker, 2024](#)).

The introduction of the forthcoming Renters Rights Bill will represent a generational change in improving the rights of private renters in England. The bill will improve the security of tenants and will seek to improve the quality of homes through new requirements on landlords. The bill may also help tackle poverty and housing unaffordability by giving tenants greater protection from and ability to challenge unreasonable in-tenancy rent increases and ending the unfair practice of rental bidding.

In April 2023 and April 2024, social landlords across the UK implemented some of the largest average increases in social rents for decades due to a period of exceptionally high inflation. Across the 4 UK nations, social rent increases from April 2023 were capped at a below-inflation level, meaning substantial nominal terms increases, but a real terms fall in rent for tenants. The Government is consulting on a rent settlement for England with a rent increase limit of CPI+1% over the next 5 years ([Ministry for Housing, Communities and Local Government, 2024](#)). Many social tenants are protected from these increases as some or all of their rents are covered by housing benefit. Those impacted by the benefit cap, particularly larger families in more expensive areas, will feel the impact of these increases, as will those paying their rent in full. Rent increases that are not accompanied by equivalent increases in incomes through earnings and benefits will increase poverty rates and deepen poverty. The new Labour Government

has promised to deliver the biggest increase in social and affordable housebuilding in a generation; expanding the supply of and widening access to social housing will provide families with secure, affordable and quality homes and help to reduce poverty.

A group that is exposed to increased poverty risk in the current context of elevated interest rates is lower-income families buying with a mortgage, particularly those who bought more recently with large outstanding mortgage debt and those who were already stretching their incomes to get onto the housing ladder. The scale of the hikes in interest rates risks pulling hundreds of thousands of people in households buying with a mortgage into poverty, as most families with mortgages have now moved onto interest rates much higher than they had previously been on. As inflation has returned to the target level, the Bank Rate is anticipated to fall, which will flow through to reduced mortgage interest rates. However, the latest OBR forecast (OBR, 2024) projects the rate to remain at elevated levels at around 3.5% by 2030, compared to lows of 0.1% through 2020 and 2021. Many home buyers will continue to feel the squeeze of these elevated mortgage interest rates, and many will find their elevated mortgage interest payments pull them below the poverty line.

How does this section interact with other sections?

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

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

The experience of being in poverty

| | |
|-----------------------|------------|
| Cost of living | 104 |
| Savings and debt | 111 |
| Food insecurity | 119 |
| Health and poverty | 128 |
| Education and poverty | 135 |

The experience of being in poverty

Cost of living

Why is this important?

The cost of living is how much households spend on goods and services to help them fulfil their everyday lives. People who live in households that can afford to meet the cost of living can participate more fully in society. If the price of goods, especially of essentials, increases at a faster rate than incomes, this squeezes household budgets and puts pressure on those already on lower incomes.

The cost of living increased significantly across the UK from 2021, with overall inflation rising by 20.8% between May 2021 and May 2024, when it finally returned to target (ONS, 2024b). Some essential costs rose much faster than the average, like food inflation, which rose by 30.6% over the same period (ONS, 2024c). Energy costs surged early on in the crisis, with record increases throughout 2022, from which consumers were only partially protected by the Energy Price Guarantee (Bolton & Stewart, 2024). Housing costs have also increased rapidly, with interest rates rising to 5.25% from August 2023, and ONS estimating annual average rent increases peaked at a record high of 9.2% in March 2024 (ONS, 2024g).

As we begin to see improving economic indicators, with inflation back to target in May 2024 and interest rates cut to 4.75% in November 2024, some households will begin to feel their financial situation improve, particularly those on higher incomes. However, this is not the case for everyone, with many households on the lowest incomes still stuck in the grip of the cost of living crisis 3 years on with incomes inadequate to meet their costs. Millions of people are being forced to go without essentials, falling behind on their bills and taking on additional debt. As well as causing deep hardship today, this will also damage the future and long-term financial resilience of millions of people in poverty.

What's the headline story in the latest data?

JRF has been tracking the impact of the cost of living crisis so far on low-income households, with 7 bespoke large-scale surveys at 6-month intervals since October 2021. In this report, we focus on households on the lowest incomes (in the bottom 20% of equivalised household incomes).

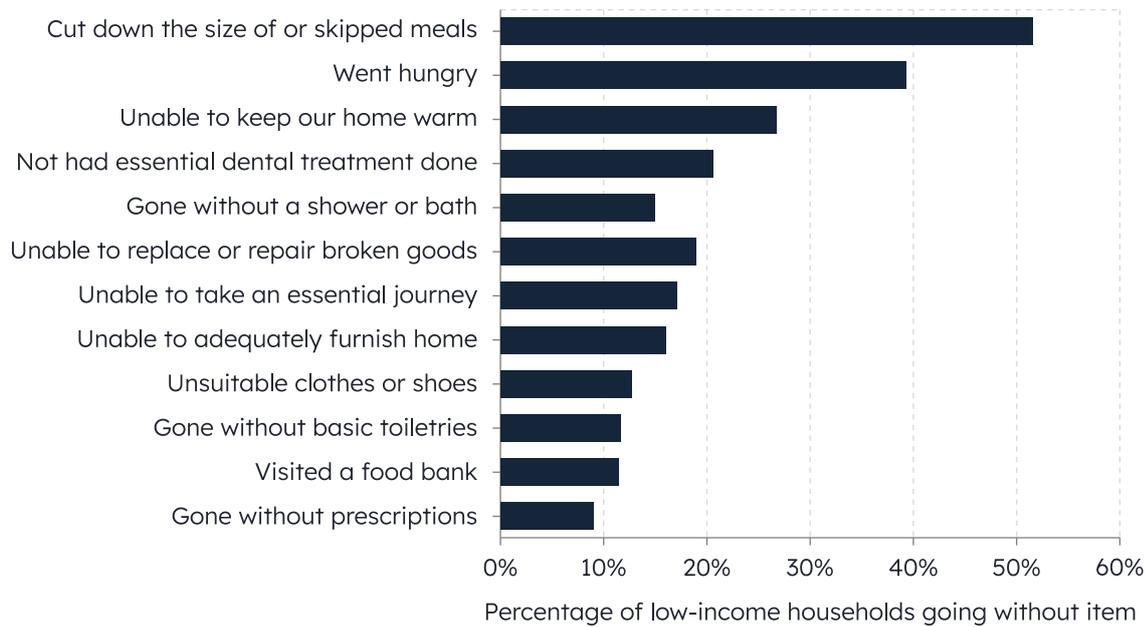
In the latest data from October 2024, families on the lowest incomes saw small improvements across our key measures of hardship when compared to the peak of the cost of living crisis in our data in October 2022. However, levels of hardship remain high despite recent government support targeting those on the lowest incomes and some positive economic indicators. In April 2024, benefit rates were updated in line with inflation by 6.7%, the LHA was unfrozen and levels increased to cover the 30th percentile of local rents, and the NLW was increased by 9.8%. Over this same period, inflation has eased broadly back to target, and real earnings remain positive. The following sections set out the levels of hardship facing the lowest-income families.

Going without essentials

The picture continues to be dire for those on the lowest incomes, with 4.1 million (69%) going without essentials such as heating, adequate clothing and furniture in the 6 months to October 2024 or not having enough money for food in the 30 days before the survey in October 2024. The most commonly foregone essential is food, with over half (52%) of the lowest-income households cutting back or skipping meals and 4 in 10 (39%) going hungry due to not being able to afford enough food.

Other essential items low-income families are going without include around 1 in 5 going without essential dental treatment (21%) and being unable to repair or replace major electrical items when they break (19%) in the 6 months to October 2024.

Figure 33: Food is the most common essential low-income households are going without



Source: JRF cost of living tracker, Savanta, October 2024

Note: Low-income households are those whose equivalised income BHC is in the bottom 20% of household incomes across the UK.

Despite the unfreezing of the LHA, 9 in 10 (89%) low-income private renters receiving housing benefits went without essentials in the 6 months to October 2024. Similarly, 88% of low-income households on UC went without essentials despite it being uprated by 6.7% in April 2024. This level of hardship clearly shows that unfreezing and uprating have not been sufficient to address the hardship facing low-income households in receipt of social security.

Struggling to cope

Beyond going without essential items, many households are taking on debt to pay for the basics and falling behind on bills, as covered in the Savings and Debt section. We also know households have tried to cut back on a range of costs or tried to increase their incomes in a way to make stretched budgets go further. During the cost of living crisis, we find that:

- 3.3 million low-income families (56%) have reduced their use of appliances to bring down bills
- 3.4 million low-income families (59%) have heated their homes less than they needed to, to reduce costs
- 2.1 million low-income families (35%) sold their belongings to generate extra income
- million low-income families (19%) stopped or reduced pension contributions from their salary to try to meet their costs.

These actions will have lasting consequences for many families, who have been forced to compromise their economic security now and in the future as they try to keep up with their costs.

Health impacts

The strain of the cost of living crisis has impacted all parts of people's lives. Over half (52%) of respondents said the cost of living had a very or somewhat negative impact on their mental health in the year to October 2024, and half (50%) said it had a very or somewhat negative impact on their sleep. We also know financial pressures can be isolating, with half of respondents (49%) saying it has had a very or somewhat negative impact on their social life in the last year, and 22% reported feeling lonely often, higher than those on slightly higher incomes (42% and 16% respectively).

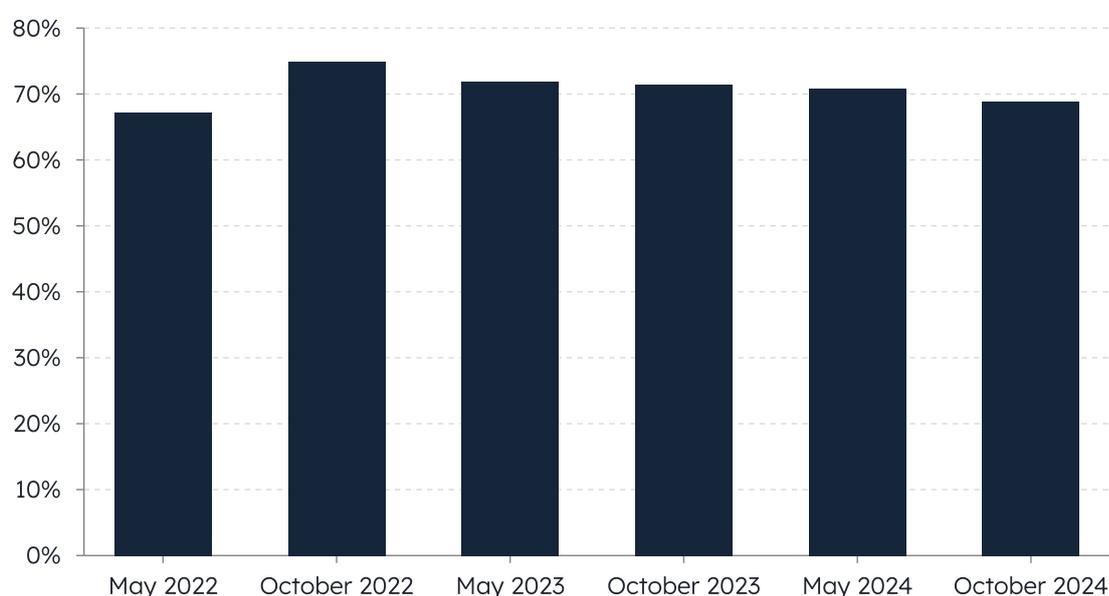
How has this changed over time?

Families on the lowest incomes saw some improvement in our key metrics relative to the peak of the cost of living crisis captured in our data in October 2022. This is likely due to a combination of economic conditions easing, benefits being uprated in line with inflation, and the unfreezing of LHA. Nonetheless, the number of households across the UK struggling to make ends meet remains very high.

The proportion of low-income families going without essentials has trended down slowly, from a peak in October 2022, where three-quarters were going without essentials (75%), to 69% in October 2024. The downward trend is being driven by a reduction in the proportion and number of households in food insecurity, with 400,000 fewer low-income households in food insecurity in October 2024 compared to October 2022. Over this period, there were cost of living payments to families on benefits and support for energy bills, both universal and targeted. This additional support will have helped more families on the lowest incomes to put food on the table; however, it has clearly not gone far enough, with 54% experiencing food insecurity in October 2024.

Figure 34: The proportion of low-income families going without essentials is slowly trending down after peaking in October 2022

Percentage of households in the poorest fifth of incomes going without essentials



Source: JRF cost of living tracker, Survation, October 2024

Note: Low-income households are those whose equivalised income BHC is in the bottom 20% of household incomes across the UK.

As discussed in the Savings and Debt section, other key indicators have also improved since October 2022, such as the proportion of low-income households who are in arrears and hold high-cost credit.

What are the future prospects?

While inflation has returned broadly to target and for some households, the effects of the cost of living crisis have eased, far too many low-income families continue to feel the pressure of permanently higher prices. While there is a downward trend on some of our indicators, progress is slow, and measures in the last year, such as the uprating of benefits in line with inflation and unfreezing the LHA in April 2024, have only had a small impact.

Unlike in previous years since the cost of living crisis began, there was no further support for households over the winter of 2024/25. The energy price cap rose by 10% between October and December 2024, placing additional cost pressures on households over the winter. With 27% unable to heat their homes in the 6 months to October 2024 and 15% in arrears on their energy bills already, many low-income households are likely to struggle over the winter.

Most benefits will be uprated by 1.7% (based on September CPI), the state pension will go up by 4.1% (based on average wage growth) and the LHA will be frozen. For low-income households who are struggling to afford the essentials, pay their bills and keep on top of debt, this offers little hope of reprieve. Without the additional targeted support from the Government of the last few years, the slow downward trend of hardship levels described in this section is likely to stop or begin to worsen again. This is particularly true for families on the lowest incomes whose financial resilience has been eroded over the cost of living crisis through spending down savings, falling behind on bills and taking on debt to pay for the essentials.

How does this section interact with other sections?

The value of benefits, as well as of wages and the amount of work available to those in employment or seeking work, is crucial to ensure that low-income families can still afford essential costs in the face of high inflation.

While the cost of living crisis has affected all households, some low-income households face additional financial pressures even as inflation falls that increase their risk of hardship. This includes low-income households with additional expenditure needs, for example, because someone in their household is disabled or they live in an area of the country with high housing costs. Low-income households with no savings to use as a safety net will also struggle more if their incomes cannot cover increasing costs.

The pressures of meeting the rising costs of essential goods and services can cause stress and anxiety. They often mean that families need to make cuts in other areas, which can also affect overall well-being. Not being able to pay bills and going without food, a warm home and toiletries can have a significant impact on people's mental and physical health. It also makes it harder for children to participate in school, which can have a long-term impact on their future prospects.

Savings and debt

Why is this important?

Savings can help to provide a degree of financial resilience for households when unexpected expenses arise, when there is a gap between receiving your income and paying your bills, or when there is a loss of income. Being able to draw down on savings can therefore help to prevent families from falling behind on their bills, taking on additional debt (often with interest attached) to cover the bills, or going without essentials like enough food or a warm home. In addition to this, having savings can enable families to take 'risks' that could improve their economic security, such as starting their own businesses, moving cities to find better-paying jobs or taking time out of work to upskill or engage in further education. Too many households are currently grappling with negative budgets, not having enough money for food and essential bills, let alone finding enough left over to save each month.

Falling behind on bills or going into debt has a negative financial impact but also places huge stress on the mental well-being of a household, which can lead to depression, anxiety and a greater chance of strained or ended relationships with partners, family and friends. This is why it is so important for households to have a buffer of savings to call on at short notice.

Households on low incomes are disproportionately less likely to have savings. As interest rates remain at higher rates than we have seen over the last 15 years, those who have savings and are able to put more money aside each month will see their financial stability improve, whereas those who have had to turn to debt or have had that lifeline of debt removed because of affordability constraints, will continue to struggle.

What's the headline story in the latest data?

This analysis mainly focuses on levels of savings and debt in households with very low incomes rather than strictly households in poverty. It draws on limited data from HBAI on savings levels and primarily uses our JRF cost of living tracker. This is because we are limited in the lack of data, particularly up-to-date data, that allows us to investigate this.

The Wealth and Assets Survey for 2020–2022 had not yet been published at the time of writing, and the Financial Conduct Authority's (FCA's) Financial Lives Survey (FLS) that we drew on in our 2024 report has not yet been updated. Using JRF's cost of living tracker, we look at an equivalised annual household income threshold of £21,000 for those in the bottom income quintile and between £21,000 and £28,000 per year for those in the second income quintile, which is based on household income figures from HBAI 2022/23.

Savings

The latest data from the HBAI survey in 2022/23 shows that almost half (48%) of all UK families held less than £1,500 in savings. However, this rate varied significantly depending on household income. Across the income distribution, in 2022/23, 62% of families in the bottom 20% of incomes held less than £1,500 in savings, compared to 25% of those in the top 20% of incomes, making those on the lowest incomes more than twice as likely to hold no savings, or levels of savings under £1,500.

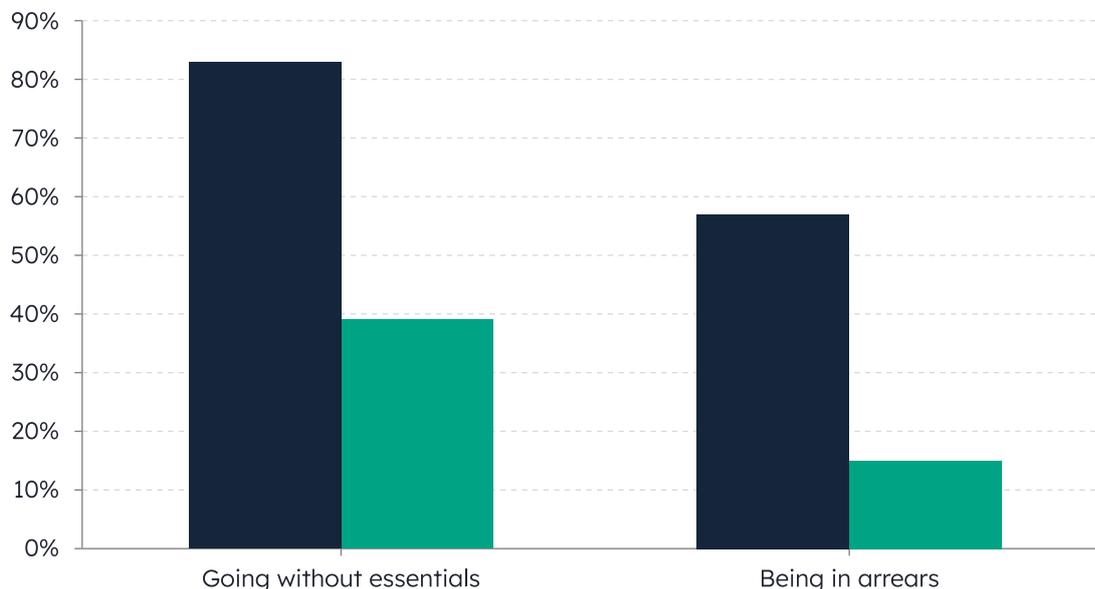
In October 2024, the JRF's cost of living tracker found a similar picture, with 7 in 10 households in the bottom 20% of household incomes holding less than £1,500 in savings. This is almost 20 percentage points higher than households in the second income quintile (52%).

The survey finds that even if you are in the lowest income quintile, if you do have savings of more than £1,500, you are more than half as likely to avoid going without essentials (39% compared to 83%), and more than 3 times as likely to avoid being in arrears (15% compared to 57%).

Figure 35: Savings of more than £1,500 help to keep households on low incomes from experiencing hardship

● Savings of less than £1,500 ● Savings of more than £1,500

Households in the bottom income quintile by savings level



Source: JRF cost of living tracker, October 2024

For those in the bottom income quintile, 48% of households held less than £200 in savings, including 14% reporting having no savings at all. Compared to data from a year prior, in October 2023, 39% held less than £200 in savings, including 20% holding no savings at all, which could indicate some improvement in the finances of those on the lowest incomes.

Looking at those in the bottom 20% of household incomes, we find that some groups are more likely again to have lower levels of savings. Within this income bracket:

- Over 7 in 10 (72%) of all UC recipients have less than £200 in savings, with 28% having none at all.
- Around 6 in 10 (59%) of households with children have less than £200 in savings, compared to 42% for those without.
- Around two-thirds (67%) of social renters, 59% of private renters, and 47% of those with a mortgage have less than £200, compared with 24% of those who owned their own homes outright.
- Almost 6 in 10 (58%) Black respondents reported their household has less than £200 in savings, compared to 55% of Asian respondents and 45% of White respondents.

Debt

Looking at those in the bottom 20% of household incomes, 44% reported being in arrears (being behind on your household bills or credit commitments in October 2024), and almost half (47%) of this group were in arrears with 3 or more different bills.

Those in the second income quintile (20th–40th percentile of household incomes) were much less likely to be in arrears, with 29% reporting being behind on their bills.

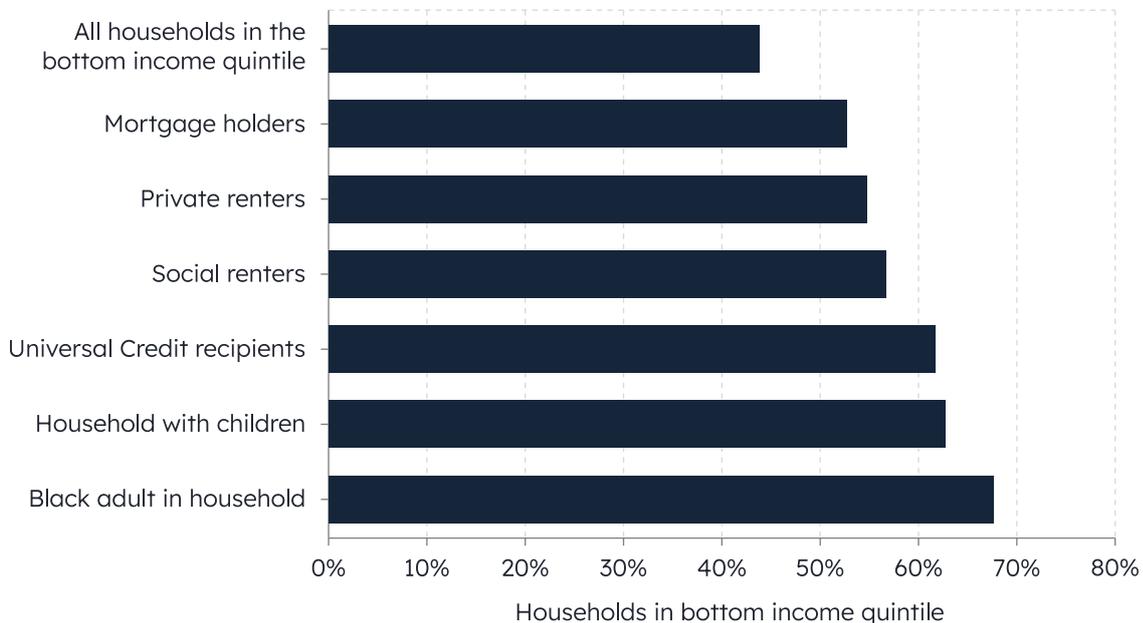
Unsurprisingly, being in arrears with fewer bills tends to mean owing less money overall. For example, the average amount owed for a household in the bottom income quintile in arrears with one bill is £510, compared to owing an average amount of £2,100 if they were behind on 3 or more bills.

Similar to the savings picture above, while all households in the bottom 20% of incomes face poorer outcomes than immediately higher income groups, some groups in this lower income bracket are faring even worse than others, including:

- 62% of all UC recipients were in arrears with at least one household bill, with 50% of this group being in arrears with 3 or more bills or commitments.
- 63% of households with children were in arrears with at least one household bill, with 53% of this group being in arrears with 3 or more bills or commitments.
- 57% of social renters were in arrears with at least one household bill, closely followed by 55% of private renters and 53% of mortgage holders, compared to just 22% of those who owned their own homes outright.
- 68% of Black respondents were in households in arrears with at least one household bill, as were 57% of Asian respondents and 38% of white respondents.

Figure 36: Black households, households with children, UC recipients and households with housing costs are most likely to be in arrears within the bottom income quintile

Household type



Source: JRF cost of living tracker, October 2024

Furthermore, the credit landscape for those on the lowest incomes is mixed: while 3 in 10 households in the bottom income quintile who applied for credit were declined, many also reported having used credit to pay their bills and cover their essentials. Almost 4 in 10 households (38%) in the bottom 20% of incomes report currently holding a loan or credit that was originally taken out to pay for essential bills like rent, food, energy and council tax. Thirty-seven per cent of this group held a high-cost credit loan (a loan with a payday lender, pawn shop, loan shark or doorstep lender) that had been used to pay those bills.

Some groups were disproportionately likely to have relied on loans to pay their bills. We find that around 6 in 10 households (62%) with an adult aged 18–34 had done this, alongside 56% of families with children and 53% of households with Black ethnicity. From a tenure lens, this is 48% for mortgage holders, 49% for private renters and 46% for social renters.

Taking on these loans hasn't helped these households to avoid arrears. Three-quarters (75%) of those who used a loan to pay their bills were still in arrears, and 53% of this group were in arrears with 3 or more bills. They're also not escaping going without essentials – 92% of those taking out loans to pay for their essentials also reported going without at least one essential in the 6 months prior, such as enough food, a warm home, or adequate clothing for the weather.

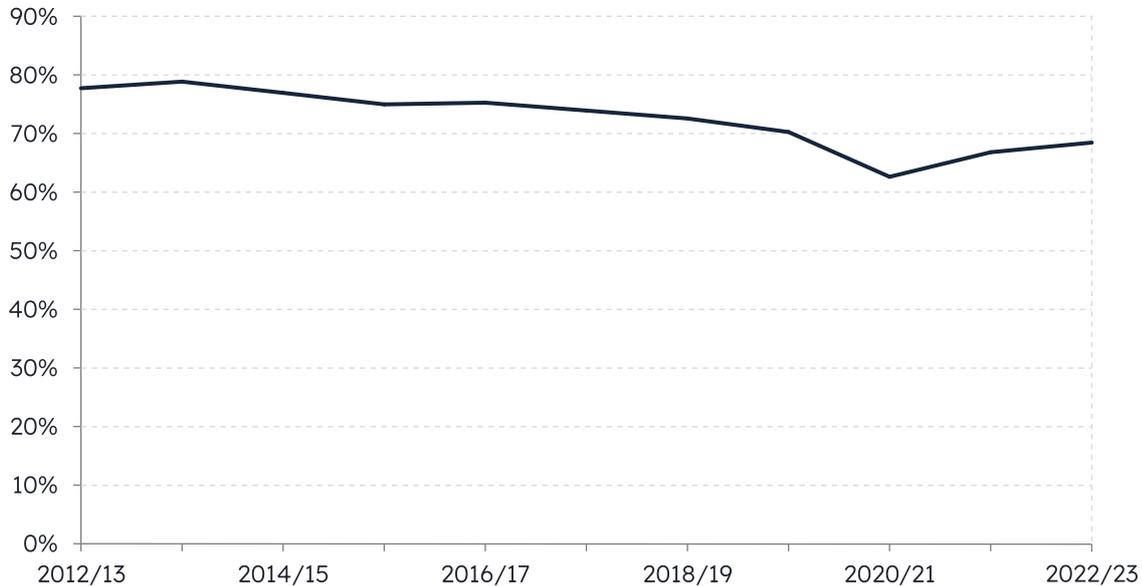
Falling behind on certain types of bills can have significant consequences for families struggling to stay afloat. For example, if someone cannot pay their rent, they could be evicted and made homeless. This is particularly worrying when social homes have record waiting lists and councils are struggling to house many presenting as homeless. If you fall behind on your council tax bills, you could be liable to pay a year's worth of council tax immediately. Current collection practices have been found to cause significant harm to those already struggling with their finances. For example, as organisations like Step Change ([Step Change, 2024](#)) and Money and Mental Health find, current rules mean that if someone misses one council tax payment, within a matter of weeks, they can receive a demand to pay the full annual bill, threats of imprisonment and rapid escalation of debts to intrusive bailiff enforcement and escalating fees. We find that around a fifth of those in the bottom 20% of incomes are in arrears to the Government through being behind on council tax, social rent to local authorities, tax payments, and fees and fines outstanding.

How has this changed over time?

Specifically looking at those in poverty (who have a similar household income to those in the bottom 20% of household incomes), we find that the proportion of families in poverty who report having no savings or savings below £1,500 had been falling before the cost of living crisis, but has been rising since 2020/21, indicating that families have either had to dip into their savings or haven't been able to put money aside. This picture isn't surprising with the steep fall in those without savings from 2019/20 to 2020/21, in that some families had the opportunity to build their savings up during the pandemic, but the cost of living crisis seems to have reversed that trend.

Figure 37: The proportion of families in poverty who report having savings of less than £1,500 had been falling before the cost of living crisis, but has been on the rise since 2020/21

Proportion of families in poverty with savings of less than £1,500



Source: DWP, Households Below Average Income, 2022/23

There has been a slightly improved arrears picture from both 6 months and a year ago, where 47% of households in the bottom income quintile were in arrears in October 2023 and May 2024, and around half were in arrears with 3 or more bills. Currently, 44% are in arrears. The average amount currently owed is £1,450, unchanged from a year ago but up slightly from when the average dipped to £1,300 in May 2024.

Compared to both 6 months and a year ago, there has been no change in the number of households in the bottom income quintile who have reported currently holding a loan that was used to pay for essentials, including food, housing (rent, mortgage) or bills like energy and council tax. Also unchanged is that 38% of this group reported having a high-cost credit loan (such as a loan from a loan shark, pawnshop, payday lender or doorstep lender) which was originally taken out to pay for these bills.

What are the future prospects?

While interest rates have started to fall from their peak of 5.25% to 4.75% at the time of writing, they remain at some of the highest levels we have experienced in the last 15 years. Those who have savings and are able to put money aside each month will likely continue to see their financial stability improve, whereas those who have had to turn to debt or have fallen behind on bills because of affordability constraints will continue to struggle. High interest rates also mean that affordability thresholds for lenders will likely remain elevated, and we are yet to see much improvement in the decline rate for low-income households trying to access credit as we begin to emerge from this period of high inflation and high interest rates.

While we have seen a slight fall in the depth of arrears and the existence of arrears for those in the bottom 20% of household incomes, it can be incredibly difficult to find the additional money every month to begin to pay those arrears back on top of managing your bills.

How does this section interact with other sections?

Living in poverty affects people's ability to build up, and sustain, household savings and increases their risk of getting into problem debt. This is worsened further when the cost of living – and so the prices of essentials such as housing, energy and food – rises. Furthermore, the stress caused by low savings and debt can contribute to mental health issues, with people who are behind on bills or have low levels of savings more likely than more financially resilient people to report indicators of mental distress.

Food insecurity

Why is this important?

Food is an essential human need. If people are living in food insecurity because they are unable to afford enough nutritious and varied food or because there is a risk of this, their health and well-being will suffer. This will have knock-on effects in other areas of their lives, such as their ability to work, which can lead to a vicious cycle.

People living in food-insecure households are more likely to develop a range of physical and mental health conditions (Bash, 2023). Food insecurity can be particularly detrimental for children since an inadequate diet can impede their physical, cognitive and emotional development, leading to poorer educational attainment and depriving them of a fair start in life. These effects can take place even before the child is born: children are at a higher risk of premature delivery, low birth weight and slow cognitive development if their mother experienced food insecurity during pregnancy.

Since the ability to afford food is determined by prices as well as income, food insecurity has become especially critical during the cost of living crisis, the height of which is covered in the data used in this year's UK Poverty report. Indeed, increases in the cost of essentials, including food, have driven increases in the overall price level. Lower-income households are more exposed to these increases as they tend to spend a higher proportion of their income on essentials.

What is the headline story in the latest data?

Around 1 in 4 people in poverty (25%) were food insecure in 2022/23, meaning they were either not able to afford enough food, were at risk of this or could not afford enough nutritious food for a healthy and varied diet (full details of how food security is measured in the FRS is described below). This represents around 3.4 million individuals. In comparison, only 7% of individuals who were not in poverty were food insecure.

The experience of food insecurity is widespread among people on low incomes, but its prevalence appears to grow the worse off people are. Research by Heriot-Watt University for JRF found that a majority (61%) of people who experienced destitution – the severest form of hardship – lacked food in 2022 in the month before the survey ([Fitzpatrick et al., 2023](#)). JRF's cost of living tracker found that in the 30 days before being surveyed in October 2023, 6 in 10 households in the bottom fifth of incomes (58%) had either cut down on or skipped meals or gone hungry because there was not enough money for food. That is 3.4 million households in the bottom fifth of incomes going without the food they need. The prevalence of food insecurity in the UK is also reinforced by other work, such as polling by The Food Foundation ([2023](#)).

Table 11: Food security status of individuals in poverty AHC, 2022/23

| Household food security status | In poverty | | Not in poverty | | Poverty rate by food security status |
|--------------------------------|------------|------------|----------------|------------|--------------------------------------|
| | (%) | (millions) | (%) | (millions) | (%) |
| High | 64 | 8.9 | 87 | 45.0 | 17 |
| Marginal | 11 | 1.6 | 6 | 2.9 | 35 |
| Low | 12 | 1.6 | 4 | 1.8 | 47 |
| Very low | 13 | 1.8 | 4 | 1.9 | 48 |
| Food secure | 75 | 10.5 | 93 | 48.0 | 18 |
| Food insecure | 25 | 3.4 | 7 | 3.8 | 48 |
| All | 100 | 13.9 | 100 | 51.7 | 21 |

Source: Households Below Average Income, 2022/23, DWP

Note: Shared households (such as a house shared by a group of professionals containing 1.1 million individuals in 2022/23) are excluded from household food security tables as there is no food security status available for those households. Figures may not sum due to rounding.

Food security questions in the FRS

In the FRS, the respondent is read 3 statements about food security and asked whether the statement was ‘often true’, ‘sometimes true’ or ‘never true’ for them in the last 30 days.

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

Unless all 3 questions are answered as being ‘never true’, the respondent is then asked the following questions:

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

From the questions, a 10-point household score is generated. One point is scored for each ‘positive’ answer, that is, answers of ‘often true’, ‘sometimes true’ and ‘yes’ (with an additional point if ‘3 days or more’ is selected for the second part of questions 4 and 8).

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

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

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

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

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

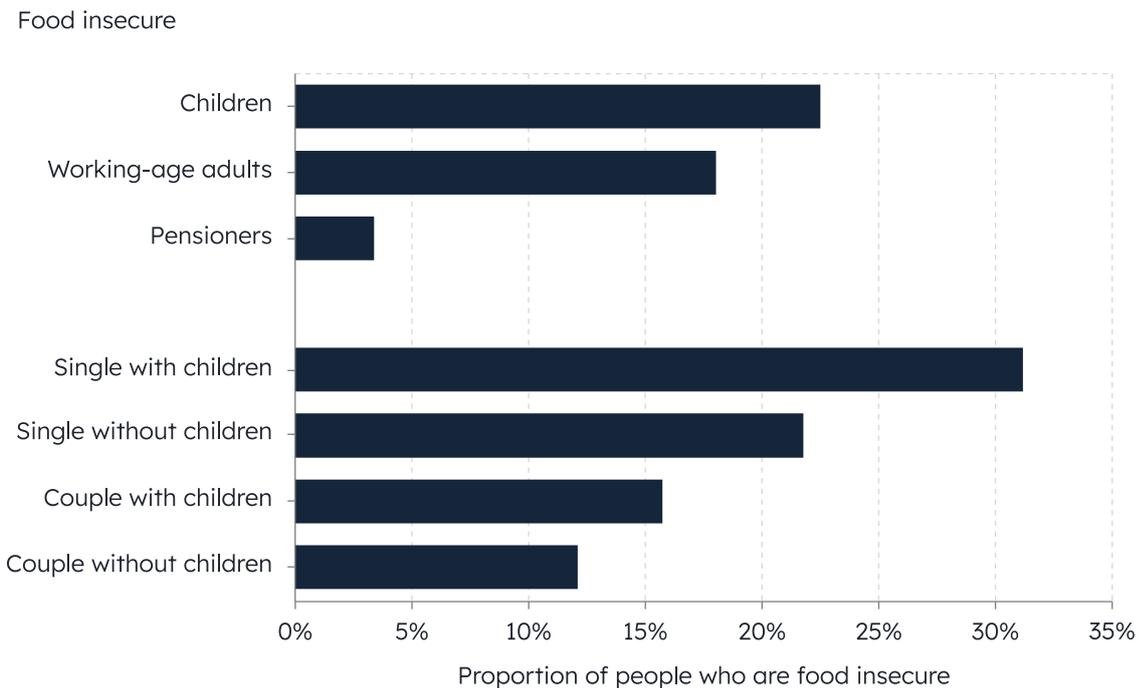
Food-insecure households are those with a low or very low food security status.

The prevalence of food insecurity varies between different groups of people in poverty. In 2022/23, almost 1 in 3 children in poverty (30%) experienced insecurity, compared with 26% of working-age adults. However, both children and adults had similar likelihoods of experiencing very low food security (15% and 14%). Meanwhile, only 6% of pensioners in poverty were food insecure.

Comparing family types, people in poverty in lone-parent families were the most likely to experience food insecurity. Four in ten people in lone-parent families in poverty (41%) were food insecure, although single adults without children also had an elevated risk (32%) compared with equivalent working-age couple families (14%).

Children and people in lone-parent families face a higher risk of being in poverty than other groups. The fact that these groups are more likely to be food insecure, even when looking at people in poverty alone, indicates that they experience an additional degree of hardship that is not captured in the headline poverty statistics.

Figure 38: Among people in poverty, food insecurity is most common among children and people in lone-parent families



Source: Households Below Average Income, 2022/23, DWP

Note: Shared households are excluded from household food security tables.

People in households receiving means-tested benefits are also more likely to be food insecure: 42% of people who were in poverty and on UC or legacy benefits faced food insecurity in 2022/23. This was around 3 and a half times the rate of those who were in poverty but not on UC or legacy benefits (12%). More recently, JRF's cost of living tracker found that three-quarters of households in the bottom fifth of incomes who were on UC (75%) reported cutting back on food or going hungry in the previous 30 days, compared with an average of 54% across all low-income households.

This highlights how the UK's benefits system is failing to ensure a basic standard of living. Not only is the basic rate of benefits insufficient to cover the cost of essentials, but there are also a number of policies and design features that can leave recipients with a shortfall of cash with which to buy food. These include the 5-week wait for the first UC payment, deductions from UC to pay off debts and arrears, freezes to the LHA, the benefit cap and the social sector size criteria (also known as the 'Bedroom Tax') ([Schmuecker & Bestwick, 2023](#)).

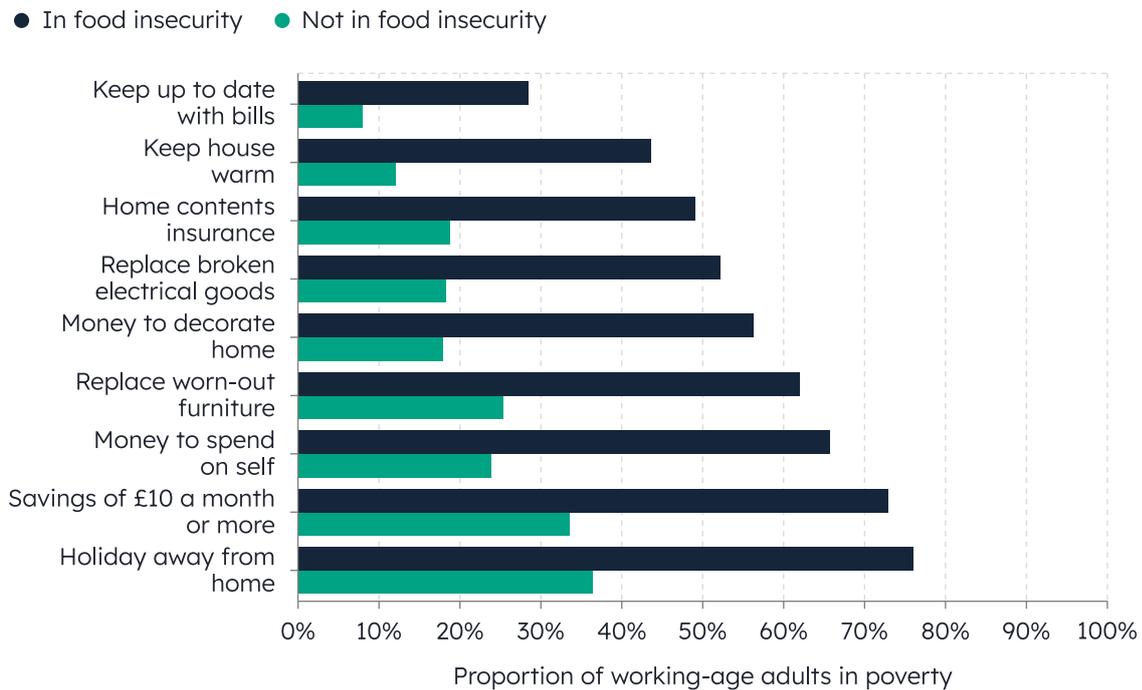
Disabled people and their families in poverty also face elevated risks of food insecurity. More than 1 in 3 people living in a household in poverty with someone who is disabled (35%) faced low or very low food insecurity in 2022/23, compared with around 1 in 7 people in poverty with no one disabled in the household (15%). JRF's cost of living tracker reinforces this finding, with 62% of households in the bottom fifth of household incomes with a disabled member cutting back on food or going hungry in October 2024. Disabled people are less likely to be in paid work and more likely to be in receipt of benefits. They can also face additional disability-related costs, which disability benefits are intended to cover. However, the quality of disability assessments and the lengthy application process for these benefits can result in shortfalls ([Schmuecker & Bestwick, 2023](#)). Even when people are in receipt of these benefits, their entitlement may not cover all of their disability-related costs, and they may need to cut back in other areas to pay for these.

The latest poverty statistics contain information on food bank use for the first time. In 2022/23, according to the FRS, around 600,000 people in poverty had used a food bank in the previous 30 days, and 1.3 million people in poverty had used one in the previous 12 months. Unsurprisingly, there is a strong relationship between food insecurity and the use of food banks: 17% of people in poverty facing very low food security had used a food bank in the previous 30 days, and 36% had used one in the previous year. By contrast, among those with high food security, 1% had used a food bank in the previous 30 days, and 2% had used one in the previous year.

At the same time, it is possible that some people facing marginal food security would have fallen into low food security if they did not have access to a food bank, and some facing low food security may have fallen into very low food security. However, if food insecurity is defined as not being able to afford food in a socially acceptable way, anyone who has to rely on charity for food can be considered food insecure, even if they do not appear as such in the official data.

Being in food insecurity tends to be associated with lacking other items in addition to food. The chart below shows the proportion of working-age adults in poverty who reported having an item, depending on whether they were or were not in food insecurity. People in poverty often lack particular items, even if they are not experiencing food insecurity, but this is particularly pronounced among those who are food insecure. For example, whereas more than half (54%) of working-age adults in poverty who were not food insecure were able to save £10 or more a month, only around 1 in 5 (19%) of those who were food insecure were able to do so. These findings echo more recent data from JRF's cost of living tracker, which found that 75% of households in the bottom fifth of incomes who were going without other essentials were also going without food in the 6 months before October 2024.

Figure 39: People in poverty who experience food insecurity are often cutting back on other items too



Source: Households Below Average Income, 2022/23, DWP

Note: Shared households are excluded from household food security tables.

Since the ability to afford food is determined by prices as well as income, food insecurity has become especially critical during the cost of living crisis. Since the data used in this report was collected, increases in the cost of essentials, including food, have driven increases in the overall price level. Between the beginning of the cost of living crisis, when prices started to rise in April 2021 and October 2024, prices of food and non-alcoholic beverages have grown by 32%, more than any other broad category of consumer goods and services and 9 percentage points more than the rate of increase in consumer prices overall (23%).

Lower-income households are more exposed to these increases as they tend to spend a higher proportion of their income on essentials. In 2022/23, food and non-alcoholic drinks made up 14.4% of household spending among the poorest 20% of households (compared with 8.5% among the richest 20%). The only category that made up a greater proportion of low-income households’ spending was housing, water and electricity. Given soaring inflation, these households will inevitably have faced deeper hardship during 2023/24.

How has this changed over time?

Among people in poverty, the number of people who are food insecure increased by one million between 2021/22 and 2022/23 as part of an increase of 2.5 million in the total number of people who are food insecure. This comes as no surprise as the uplift to UC introduced to help families during the Covid pandemic was removed in October 2021, and the cost of living crisis started soon after. This constitutes a tragic, perfect storm for millions of people.

The data indicates that food insecurity will not have improved since 2022/23 as the cost of living crisis continues and food prices play a more central role. Food banks in the Trussell network distributed 3.1 million emergency parcels across the UK in 2023/24, more than one million of which were for children (Trussell, 2024). This was the largest number on record (topping last year's previous record high) and represented a 94% increase since 2018/19. The magnitude of this change varied across regions of the UK. The increase in London was 171% and Yorkshire and the Humber 157%. In Scotland it was only 21%. Research shows that these increases are directly related to inadequacies in the social security system, which are leaving more and more people with no choice but to rely on food banks and other charitable responses (Fitzpatrick et al., 2023). Scotland's lower rate may be an example of how the social security system can help protect families from food insecurity. The Scottish Child Payment addition to UC (which, as the name suggests, is only available in Scotland) may in part explain its much smaller increase in the need for food parcels.

The broad pattern is mirrored in data collected in JRF's cost of living tracker, which found that the number of households in the bottom fifth of incomes that cut back on food or went hungry in October 2024 was 54%. Furthermore, the proportion of destitute households that lacked food increased from 57% in 2019 to 61% in 2022, at the same time as the total number of destitute households increased by nearly two-thirds (Fitzpatrick et al., 2023).

What are the future prospects?

There is no reason to believe that food insecurity will abate in the near future without interventions to address it. Even though inflation and the rate of the increase in the prices of food and non-alcoholic beverages have been around the Bank of England's 2% target rate since May 2024, this does not mean that food will necessarily become more affordable. The increases of over 30% in the price of food and non-alcoholic beverages witnessed since April 2021 are locked into the prices we pay for food. Even if this period of lower inflation continues, prices themselves will remain much higher than before the cost of living crisis.

Benefits will be updated in April 2025 by September 2024's inflation rate, and the Bank of England ([Bank of England, 2024](#)) currently forecasts low food price inflation in the near term, meaning food might become marginally more affordable than it is currently. However, the various features of the social security system that actively contribute to food insecurity – such as the 5-week wait for UC, deductions and sanctions – remain in place.

There continues to be no definitive UK Government strategy to tackle food insecurity, despite the fact that millions of people are unable to afford adequate diets. The Labour Party has spoken about 'food security being national security' as well as pledging to 'end mass dependency on emergency food parcels' in their manifesto ([Labour, 2024](#)), suggesting that tackling the issue is on its agenda. This is positive. On the other hand, the Scottish Government has dropped its Human Rights Bill from September 2024's Programme for Government. This bill was set to place statutory responsibilities on the Scottish Government to ensure all people in Scotland could access food and end the need for food banks ([Chworow, 2024](#)). We need comprehensive action to address massively increased levels of food insecurity and record food bank use.

How does this section interact with other sections?

Food insecurity is closely linked to poverty and the cost of living. As high inflation makes food even more unaffordable for people on low incomes, it is disproportionately experienced by people on benefits and people living in households with at least one disabled person. In turn, it can lead to, or exacerbate, poor physical and mental health and, as it is linked to cognitive ability, it can also make it harder for children to concentrate at school and lead to poorer educational attainment.

Health and poverty

Why is this important?

The circular relationship between health, income and deprivation is long established. Poor health limits the possibility of better life outcomes and opportunities. It can restrict employment prospects, reduce earnings and bring on additional living costs associated with long-term illness and disability. In turn, the aforementioned can lead to lower incomes and poverty. Those who find themselves living in poverty or in deprived areas with one or more health conditions endure reduced access to health-promoting services, like physical health promotion, or assets such as better housing. All people living in poverty, with or without ill-health conditions, suffer extra stresses on day-to-day decisions that can cause or exacerbate existing health conditions. Health has become more closely linked with poverty, given the impact that Covid-19 had on people on low incomes and those living in areas with higher levels of deprivation. This report draws on the latest data available, which increasingly includes data from post-Covid-19. However, there are significant lags with data publishing, which means that the full impact of the pandemic on people in poverty cannot be understood fully from this year's report.

What's the headline story in the latest data?

Amongst working-age adults, people living in poverty are more likely to suffer from poor health, particularly 35–49-year-olds in poverty, who are around 1.6 times more likely to be in poor health than those not in poverty. The gap is smaller for older age groups, with people aged over 65 in poverty 1.2 times more likely to be in poor health compared to those not in poverty. These differences are probably driven by multiple factors, including the availability and uptake of health screening or the longer life expectancy of higher-income households who may nevertheless have health issues towards the end of their life.

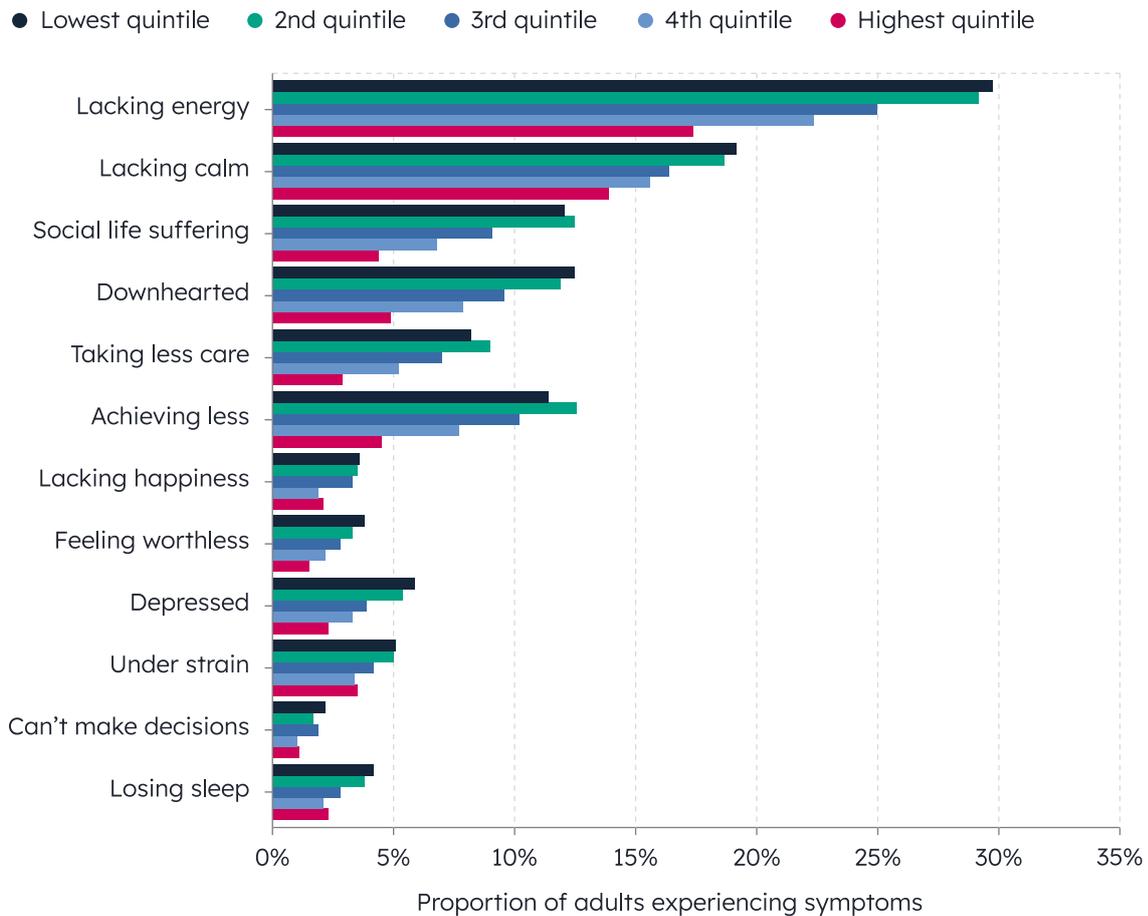
Table 12: Percentage of adults living in less than good health by poverty status

| Age range | In poverty (%) | Not in poverty (%) |
|-----------|----------------|--------------------|
| 16-34 | 24 | 18 |
| 35-49 | 38 | 24 |
| 50-64 | 49 | 35 |
| 65+ | 53 | 44 |

Source: Households Below Average Income, 2022/23, DWP

These patterns are also seen in mental health outcomes. Individuals in the lowest household income quintile (calculated before housing costs) are more likely to experience symptoms of anxiety than those with higher household incomes (see Figure 40). For example, 4% of people in the poorest fifth of households report losing sleep compared with 2% of those in the richest quintile; 30% report lacking energy compared with 17% in the richest quintile and 6% report feelings of depression compared with 2% in the richest quintile (Clark & Wenham, 2022).

Figure 40: The lower a person’s income, the more likely they are to experience a symptom of anxiety



Source: Understanding Society, 2019-20

Health inequalities exist from birth and continue throughout an individual’s life. In 2018/20, females born in the 10% least deprived areas in England were expected to live on average 8 years more than females born in the 10% most deprived areas. The gap for males is even greater, at 10 years (ONS, 2022a). In Scotland, these differences are more pronounced; male life expectancy in the most deprived areas is 13.2 years less than in the least deprived areas, while the gap in female life expectancy was 10.5 years in 2021-2023 (National Records of Scotland, 2024). In Wales and Northern Ireland, data comparing the 20% most and least deprived areas also shows gaps in life expectancy. These gaps are smaller than those in England and Scotland, though this is probably due – at least in part – to the larger groups compared. In Wales, female life expectancy in the least deprived 20% of areas was 6.3 years longer than in the most deprived areas, and male life expectancy was 7.5 years longer (ONS, 2022b). In Northern Ireland, the female life expectancy gap between the least and most deprived 20% of areas is 4.8 years, and the male life expectancy gap is 7.2 years (Northern Ireland Department of Health, 2023).

The same pattern emerges when comparing the healthy life expectancy of people in the most and least deprived areas of England. On average, a female living in the least deprived areas will spend 82% of their life in good health, compared with 66% for a female living in the most deprived areas. Given the shorter life expectancy of women from deprived areas, this equates to 19 years less lived in good health. For a male, this gap is 18 years; a male born in one of the most deprived areas will live in good health for just 71% of their life compared with 85% for those in the least deprived area (ONS, 2022a).

In Scotland, the gaps in healthy life expectancy are once again larger; a female living in the least deprived area of Scotland will live 85% of their life in good health, compared with 63% in the most deprived areas. In comparison, a male in the least deprived areas will spend 87% of their life in good health compared with 67% in the most deprived areas. This means that both men and women in the most deprived areas of Scotland are expected to have 26 fewer years in good health than their counterparts in the least deprived areas (National Records of Scotland, 2023). When comparing the 20% most and least deprived areas in Wales and Northern Ireland, the healthy life expectancy gap is 13.4 years for males and 16.9 years for females in Wales and 12 years for males and 14 years for females in Northern Ireland (ONS, 2022b; Northern Ireland Department of Health, 2024).

Evidence suggests that health inequalities lead to people in poverty requiring additional medical care from the NHS. For example, JRF analysis of the UK Household Longitudinal Survey shows that people in poverty are more likely to need to visit their GPs more frequently than those not in poverty. After controlling for demographics that increase the likelihood of someone visiting their GP (age, health, sex, ethnicity and the depth of deprivation of the area they live in), people in poverty were found to be 11% more likely than those not in poverty to need 6 or more GP visits per year.

This is echoed in JRF research on the impact of hardship on healthcare providers, with healthcare staff in very or somewhat deprived areas more likely to report patients experiencing poor mental, physical and dental health due to hardship than average. More than three-quarters of all healthcare staff said they had seen an increase in patients experiencing poor mental health because of hardship over the last 2 years, and more than 6 in 10 had seen an increase in poor physical or dental health (Schmuecker & Bestwick, 2024).

However, there is also evidence that despite a greater need for services, people in poverty may struggle to access them. JRF's cost of living tracker found 1 in 5 households in the bottom 40% of incomes going without essential dental treatment in the 6 months to May 2024 due to cost (Earwaker & Johnson-Hunter, 2024). Similarly, people living in the most deprived areas are more than twice as likely to wait more than a year for non-urgent treatment (Mallorie, 2024). The King's Fund found this can lead to people in poverty getting sicker and waiting longer to access services, with the number of Accident and Emergency visits nearly twice as high among the most deprived groups and emergency admissions 68% higher (Mallorie, 2024).

The combination of poorer health, greater need and difficulty accessing care for people in poverty results in greater pressure on the NHS and worse outcomes for patients. For example, people aged under 20 from the most deprived quintile were nearly 3.5 times more likely to have hospital tooth extractions than those in the least deprived quintile, which cost the NHS £3,915 per surgery compared to £192 for general dental care (Mallorie, 2024).

How has this changed over time?

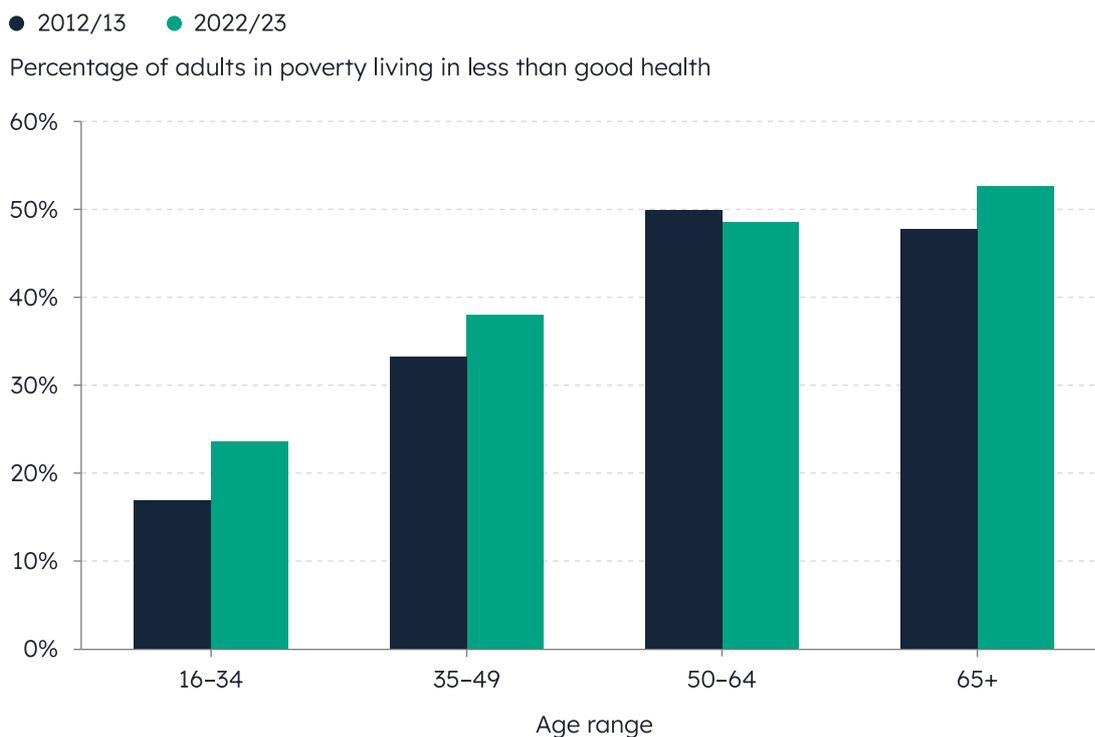
Life expectancy for those living in the most deprived areas of England has never been lower since first reported in 2011. This is the case for both females and males. In 2018–20, females were expected to live, on average, for 9 fewer months and males for 4 fewer months than they had been in 2011/13. In contrast, the life expectancy of both men and women living in less deprived areas increased over the same period (ONS, 2022a).

In Scotland, data on life expectancy by deprivation is only available over a shorter time period. Male life expectancy in the most deprived areas fell by 12 months, and female life expectancy fell by 17 months between 2013–15 and 2021–2023 (National Records of Scotland, 2016; 2024). In Wales, where data is only available to compare the 20% most and least deprived areas, male life expectancy in the most deprived areas has fallen by 4 months and female life expectancy by 10 months since 2011/13 (Public Health Wales Observatory, 2022). In Northern Ireland, where life expectancy data by level of deprivation goes back to 2015–17, male life expectancy has decreased by 7 months and female by 4 by 2020–22 (Northern Ireland Department of Health, 2024).

Although the proportion of life lived in good health has increased, this does not necessarily reflect an improvement in healthy life expectancy. As reported above, overall life expectancy is falling for people from the most disadvantaged backgrounds. Any increase in the proportion of life lived in good health for this group may therefore be, in part, a consequence of overall life expectancy falling.

Compared to 2020/21, all age groups in poverty except those aged 50–64 have experienced an increase in their likelihood of living with less than good health. The group of most concern is those aged 16–34, who have seen the greatest increase and are now 40% more likely to live in less good health than they were in 2012/13. People aged 50–64 are the only group to see a reduction in the proportion living in less than good health since 2012/13. However, the reduction is small at 3%.

Figure 41: All age groups except people aged 50–64 have seen an increase in the proportion of people living in less than good health between 2012/13 and 2022/23



Source: Households Below Average Income, 2022/23, DWP

It is not unreasonable to suggest that these increases will have been caused by ongoing medical issues linked to Covid-19, but there could also be other factors at play, such as the UK’s increasing levels of very deep poverty, which exacerbate poor mental health (JRF, 2023), which in turn can exacerbate poor physical health (De Hert et al., 2011).

What are the future prospects?

The findings show worrying trends of growing poor health. Moreover, the total impact of the Covid-19 pandemic is not fully represented in some of the data used in this report, which adds more concern. Whether these trends are due to growing levels of poor health before Covid-19, an early sign of what its impact will have on health, or a combination of the two, the findings in the years ahead could show even worse results.

More than ever, the inequalities that lead to disparities in health across the UK will not disappear without government intervention. Without specific policies aimed at improving public health through prevention and treatment of all health conditions and other causes of ill-health, such as overcrowding and poor housing, further decreases in life expectancy and healthy life expectancy must be expected. As poverty causes ill-health, reducing levels of poverty will also have a positive impact on health outcomes. Any exposure to poverty in childhood is associated with worse health outcomes in adolescence and into adulthood ([Lai et al., 2019](#)), and the potential impact is greater for children in persistent poverty. This is particularly worrying given the impact of the cost of living crisis on living standards and years of chronically high poverty levels.

How does this section interact with other sections?

The most obvious link is with disability, but health could be considered to have a relationship with all other areas of this report. For example, we know that people from ethnic minorities have higher rates of poverty and are more likely to live in deprived areas, and we know people living in those states face a greater risk of poor health. Many people struggling with poor health face loss of earnings through employment and, indeed, may be unable to work, leading them to interact with the benefit system. As well as impacts on well-being, those in poor health may also have increased living costs, and children suffering from poor health may see an impact on their future prospects.

Education and poverty

Why is this important?

A good-quality education can transform lives, opening up the world of work and wider opportunities for a fulfilling and healthier life. Schools and colleges help us learn essential skills that we need to interact with the world around us, for example, to pay bills or to read a bus timetable. Too many children are leaving school without these skills, including being able to confidently read and use numbers. Educational qualifications are needed to access a significant amount of employment, and higher qualifications are related to higher pay and lower levels of poverty. Attainment gaps between the most and least advantaged children are found from early years through to graduate outcomes across the UK ([Centre for Longitudinal Studies, 2017](#); [Kaye, 2023](#); [HESA, 2024](#)).

Over the last 20 years, the depth of poverty for children has been increasing. This means that children in poverty now are further from the poverty line than they were in 2002/03. In the last few years, costs have risen with dramatic increases in families with children having to go without the essentials ([Johnson-Hunter & Earwaker, 2024](#)) and needing to use emergency provisions such as food banks ([Trussell, 2024](#)). Recent work by JRF shows ([Schmuecker & Bestwick, 2024](#)) that schools are having to tackle and overcome the effects of greater hardship for families. It also highlights that schools and colleges provide emotional support for many children and families and are anchors to communities and systems of support.

Education is a devolved power, which means that education systems vary across the 4 countries in the UK and so are not directly comparable. In most cases, schools and governments do not collect information on the incomes of parents, so we need to use other information that is available to identify when children might be growing up in a household in poverty or low/lower incomes⁴. In this section, we mainly use free school meals (FSM) data. Students are eligible for free school meals if their parents receive social security support for low incomes. In Scotland, the Government uses the Scottish Index of Multiple Deprivation, which measures the level of deprivation in someone's neighbourhood rather than within the individual family ([Scottish Government, 2020](#)). At some points, we use parent occupational status if there is no income data available. Lower occupational status is associated with lower incomes and is used as an alternative measure⁵.

What's the headline story in the latest data?

Even at a young age, there is a gap in educational attainment for young people by parental income level, and this continues throughout the different stages of a child's education. The Centre of Longitudinal Studies follows children over their lives and found that, in the UK, children born in the millennium had lower attainment in cognitive tests in the early years and did worse at school at 17 if their parents had lower incomes. The gap in vocabulary development between children in the richest and poorest families (top and bottom 20% of incomes) was, on average, 10 months at age 3 and 15 months at age 5 ([Centre for Longitudinal Studies, 2017](#)). These inequalities carried through to secondary school, with children whose family income was in the bottom 20% of incomes were more likely to receive lower grades at the end of secondary school ([Villadsen et al., 2023](#))⁶.

As well as supporting child development, good-quality, affordable and flexible early years care can also allow parents living on a low income to access work/more work ([Jarvie et al., 2023](#); [Bevan Foundation, 2024](#); [Employers for Childcare, 2024](#)), increasing their household incomes and ultimately reducing the number of children living below the poverty line ([Cebula, 2024](#)). Although childcare systems vary across the 4 nations, improvements are needed in Early Years Childcare across the UK to support low-income families and their children. We also know that taking time out to care for young children has long-term negative effects on care givers' future earnings. Unpaid childcare givers experience an average pay penalty of £1,264 per month, reaching £1,785 after 6 years of providing unpaid childcare ([Thompson et al., 2023](#)).

The attainment gap seen in the pre-school years is also evident at the beginning of primary school. In England, children from the 10% most income-deprived neighbourhoods are less likely to reach all early learning goals around the age of 5 compared to children from the least income-deprived 10% of neighbourhoods. Just over 56% of children from the most income-deprived neighbourhoods reach the expected levels compared to 3 in 4 children from the least income-deprived areas. In Scotland, at a similar age, there is a noticeable attainment gap in reaching expected levels across a range of developmental areas between children in the least deprived 20% of areas and children in the most deprived 20% of areas. This includes a 12-percentage-point gap in listening and talking and a 20-percentage-point gap in literacy.

In Scotland, at the end of primary school, there is a 21-percentage-point gap in literacy and an 18-percentage-point gap in numeracy between children from the most and least deprived neighbourhoods (based on the Scottish Index of Multiple Deprivation). At age 11, there is a 22-percentage-point gap in the proportion of children reaching expected levels at Key Stage 2 (KS2) reading, writing and maths in England. There is no equivalent primary school data currently available for Northern Ireland or Wales. However, the Welsh Government recently published the attainment difference (in months) by FSM status. In Year 6, children in receipt of FSM are over 2 years behind students not on FSM in numeracy (reasoning) and reading (English and Welsh) and just less than 2 years behind in procedural numeracy.

Table 13: Attainment in England

| 2022/23 | | Disadvantaged | Not known to be in disadvantage | Attainment gap |
|---------|---|---------------|---------------------------------|----------------------|
| Aged 11 | Proportion of pupils meeting the expected standard in reading, writing and maths at KS2 | 44% | 66% | 22 percentage points |
| Aged 16 | Proportion of students achieving a grade 5 or above in both GCSE English and maths | 25% | 52% | 27 percentage points |

Source: UK Government

Note: Disadvantaged pupils are those who were registered as eligible for free school meals (FSM) at any point in the last 6 years, children looked after by a local authority or have left local authority care in England and Wales through adoption, a special guardianship order, a residence order or a child arrangements order.

Across levels and countries, we have used 2022/23 data to match the HBAI dataset year and because this is the latest data available in Northern Ireland and Scotland at the time of writing.

Table 14: Attainment in Northern Ireland

| 2022/23 | | FSM | Non-FSM | Attainment gap |
|---------|--|-----|---------|----------------------|
| Aged 16 | Proportion of school leavers achieving at least 5 GCSEs A*-C (or equivalents) including GCSE English and Maths | 57% | 82% | 26 percentage points |

Source: Department of Education, Northern Ireland

Note: Primary attainment by FSM is not regularly published in Northern Ireland.

Table 15: Attainment in Scotland

| 2022/23 | | Most deprived 20% of areas | Least deprived 20% of areas | Attainment gap |
|------------|---|----------------------------|-----------------------------|----------------------|
| Aged 11 | Percentage of primary 7 achieving literacy | 64% | 84% | 21 percentage points |
| | Percentage of primary 7 achieving numeracy | 70% | 88% | 18 percentage points |
| Aged 16-18 | 1 or more at Scottish Credit and Qualifications Framework (SCQF) at level 5 upon leaving school | 74% | 95% | 20 percentage points |

Source: Scottish Government

Note: Due to rounding, the attainment gaps may not equal the difference between the proportion of children from most and least deprived areas attaining the specified level.

Table 16: Attainment in Wales

| 2021/22 | | FSM | Non-FSM | Attainment gap |
|---------|---|-----|---------|----------------------|
| Aged 16 | Percentage of GCSE entries awarded A*-C | 41% | 71% | 30 percentage points |

Source: StatsWales, 2024

Note: Teacher assessment of KS2 is no longer published by FSM status ([Welsh Government, 2019](#)).

Attainment gaps persist from primary into secondary education. In Northern Ireland, there is a gap of 26 percentage points between children on FSM and those not on FSM in attaining 5 GCSEs at A*–C, including maths and English. In Wales, there is a 30-percentage-point gap in the GCSE entries awarded an A*–C grade. In England, just 1 in 4 disadvantaged young people get a pass at GCSE in both English and Maths compared to just over half of young people not known to be disadvantaged. In Scotland, the gap between children in the most and least deprived neighbourhoods seems smaller (20 percentage points), but the level being measured is lower at just one qualification at Level 5.

Across education systems, we also know that there exist intersectional attainment gaps with variation in attainment for children in low-income families by ethnicity, gender and whether they have any additional support needs (ASN) (Shaw et al., 2016; Strand, 2021). Children with ASN experience a significant attainment gap across the devolved nations. We also know that children living in poverty are more likely to be identified as having an additional support need⁷ and are often unable to access the support that they require (Shaw et al., 2016; Carmichael & Riddell, 2017; Hutchinson, 2021; Azpitarte & Holt, 2023).

Table 17: Proportion of higher education first degree undergraduate enrolments by highest parental occupational status in the UK 2022/23

| Highest parental occupational status | Percentage of first-degree undergraduate enrolments |
|--|---|
| Higher managerial and professional occupations | 29 |
| Lower managerial and professional occupations | 25 |
| Intermediate occupations | 12 |
| Small employers and own account workers | 9 |
| Lower supervisory and technical occupations | 5 |
| Semi-routine occupations | 9 |
| Routine occupations | 10 |
| Long-term unemployed or never worked | 1 |

Source: Higher Education Statistics Agency

In the UK, over half (54%) of entries into first undergraduate degrees have a parent whose highest occupational status is a professional or managerial occupation. Around 1 in 5 entrants to higher education from the UK have a parent whose highest occupational status is working in a routine or semi-routine occupation. One per cent of young people starting a degree in 2022/23 had a parent whose highest occupational status is long-term unemployed or never worked (this could be due to a range of reasons, including disability and caring responsibilities).

We know that people with higher qualifications are less at risk of being trapped in poverty. The latest education data is not available due to issues with data collection in 2022/23. Therefore, this section will report the previous year's figures. However, it is important to note that while there has been some change over time, it has consistently shown a similar trend across qualifications. In 2021/22, just over 1 in 10 working-age adults with an undergraduate degree or above are living in poverty compared to over 4 in 10 working-age adults with no qualifications. Having no qualifications also doubles working-age adults' risk of experiencing very deep poverty.

Qualifications impact people's access to good work, and having no qualifications increases a working-age adult's risk of being inactive and unemployed. In 2021/22, 9 in 10 adults with a higher degree were in employment compared to over 5 in 10 people with no qualifications (or who did not know what their qualifications were). However, it is important to note that the proportion of individuals with no qualifications who are disabled is nearly 3 times the rate found for people with a degree qualification. This is likely to contribute to the higher inactivity rate for this group. Disabled children often have additional learning needs (ALN) and face an education attainment gap, and, as noted in earlier sections, disabled people face significant barriers to accessing the labour market. These factors combined highlight some of the ongoing structural disadvantages faced by disabled people throughout their life course, contributing to their greater risk of experiencing poverty.

In 2021/22, the gross weekly pay for working adults aged 16 to 64 with no qualifications (or who did not know what their qualifications were) was £369 per week. This increased to £442 per week for someone with a qualification below degree level, and for someone with a higher degree, it was £769 per week.

How has this changed over time?

As each of the UK's education systems is distinct and has made changes to its structure, examinations and measurements of success, it is difficult to track comparable changes over time. However, we can be certain that there has consistently been a gap between the least and most disadvantaged children and that this is not new and will not close in the near future with current rates of progress. The Organisation for Economic Co-operation and Development (OECD's) Programme for International Student Assessment measured students' mathematics ability, outwith the school curriculum, in 2022. It shows no improvement in the socio-economic mathematics attainment gap in the UK between 2012 and 2022 (Avvisati & Ilizaliturri, 2023). In previous years, it focused on reading attainment, and showed some improvement in the socio-economic reading attainment gap in the UK between 2009 and 2018, falling from a 92-point gap to an 80-point gap (Mostafa & Schwabe, 2019).

In 2020, students in each UK education system did not undertake normal exams due to the Covid-19 pandemic. Instead, teachers evaluated their work, meaning that there is a break in attainment data over this period. In addition to this, education systems, schools and teachers have continued to require extra efforts to support students to overcome the impact of the Covid-19 pandemic on their learning, which is likely to contribute to sustained attainment gaps in the following years.

There has been a widening in the attainment gap at the KS2 level for children in England between 2017/18 (19 percentage points) and 2022/23 (22 percentage points) (excluding years missing due to the Covid-19 pandemic). This is because attainment for disadvantaged pupils has fallen further than for children not known to be disadvantaged, increasing the disadvantage attainment gap. At GCSE level, we have comparable data from 2018/19, which shows a widening of the attainment gap from 25 percentage points to 27 percentage points in 2022/23. The gap widened during the Covid-19 pandemic, when students not known to be disadvantaged improved faster than disadvantaged students. Since then, attainment for both groups has fallen at a similar pace. Recent work by the Education Policy Institute (Hunt, 2023) reflects these findings on disadvantage gaps, suggesting a continuing widening of the gaps at all levels since 2017. They also found that at GCSE level, young people who experience persistent disadvantage (meaning that they were eligible for FSM for at least 80% of their education) have been almost 2 years behind students who have not experienced persistent disadvantage between 2011 and 2022.

In Scotland, the attainment gap in literacy and numeracy at age 11 was narrowing before the Covid-19 pandemic. In 2020/21, towards the end of the pandemic, the gap widened again, but we have since seen good progress in closing this gap, with children from the most deprived neighbourhoods improving faster than children in the least deprived neighbourhoods (23 to 18 percentage points in numeracy; 24 to 21 percentage points in literacy). At age 16, the gap between young people in the most and least deprived neighbourhoods achieving one pass at SCQF Level 5 reduced between 2009/10 and 2014/15 by increasing the attainment of children from deprived neighbourhoods, but the gap has remained stable (around 20 percentage points) since then.

In Wales, the attainment gap between students in receipt of FSM and students not in receipt of FSM in achieving A*–C grades awarded at GCSE level remained relatively constant between 2016/17 and 2018/19, sitting at around 28 percentage points. In 2019/20, the year most impacted by the Covid-19 pandemic, the attainment gap fell to 25%. However, this has steadily increased since then to 30 percentage points in 2022/23, with attainment falling faster for children on FSM than children not on FSM.

Since 2005/06 in Northern Ireland, attainment at GCSE level for young people on FSM has improved in line with those not on FSM. However, this means that the attainment gap has remained relatively constant. This gap has fallen slightly from 30 percentage points in 2017/18 to 26 percentage points in 2022/23; this is a slight increase of 0.7 percentage points since 2021/22.

What are the future prospects?

The challenges faced by families with children due to the cost of living crisis are likely to affect young people's learning and attainment. As families cut back on essentials as they struggle to keep up with rising costs, the number of children attending school hungry is likely to rise, affecting children's ability to take part and attain in school. Seven in ten (73%) staff in primary schools across Britain say supporting pupils who cannot afford the essentials is a challenge in their school, and one-third of primary schools are providing a school food bank ([Schmueker & Bestwick, 2024](#)). Parental stress and worry are also known to harm young people's ability to learn in school, and this is likely to increase as a growing number of families worry about making ends meet.

Taking part fully in school, from having the right school uniform to attending school trips, also comes with costs that a growing number of families will struggle to cover as the costs of essentials rise (CPAG, 2024).

It is also clear that across nations, policy decisions made during the Covid-19 pandemic have exacerbated socio-economic inequalities in attainment (Kippin, 2023). To avoid further widening the attainment gap, governments in the UK must focus education policy on closing attainment gaps so that these errors are not repeated in future policy decisions.

How does this section interact with other sections?

The main link is with employment outcomes, where low qualifications are a key driver of low pay. However, our experience and level of education often affect other aspects of our lives, such as our health and where we live.

Annexes

| | |
|---|------------|
| Annex 1: Poverty definitions | 145 |
| Annex 2: Macro economy | 149 |
| Annex 3: Average incomes and inequality | 156 |
| Annex 4: Public attitudes to poverty | 159 |
| Annex 5: Data quality in the FRS and its impact on analysis | 162 |

Annexes

Annex 1: Poverty definitions

Being in poverty is when your resources are well below what is enough to meet your minimum needs, including taking part in society. There are a range of ways to measure poverty. The headline measures we use in this report include the following:

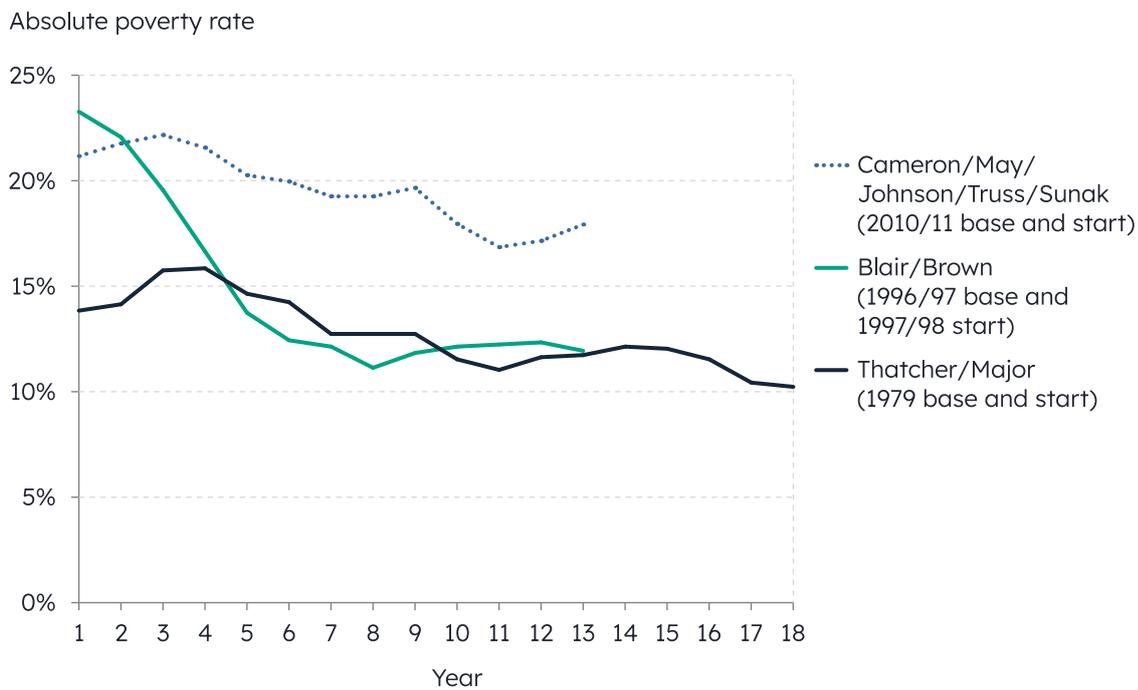
- **Relative poverty AHC** – that is, where someone’s household income after they have paid their housing costs is below 60% of the median, adjusted for family size and composition. This looks at whether the incomes of poorer households are catching up with average incomes.
- **Relative poverty BHC** – similar to relative poverty AHC, this is where someone’s household income is below 60% of the median, adjusted for family size and composition, but it does not remove housing costs. This looks at whether the incomes of poorer households are catching up with average incomes but does not account for differing housing costs between families.
- **Absolute poverty AHC** – that is, where someone’s household income is below a fixed line based on an inflation-adjusted 2010/11 poverty line (set at 60% of median income AHC in 2010/11). This looks at whether the incomes of poorer households are increasing faster than inflation. There is no analytical reason as to why it is set in 2010/11; instead, this is from a historic policy choice.

One important thing to note is that these measures are based on household income and vary in how sensitive they are to changes in the cost of living and high inflation. Of these measures, absolute poverty is most directly affected by immediate changes in the cost of living, as the poverty line rises by inflation. Relative poverty (before and AHC) is less sensitive to changes in the cost of living, with changes in both mainly determined by how the incomes of poorer households compare to those with higher incomes.

In this report, when we use the term ‘poverty’, we are using the relative poverty rate AHC to measure poverty unless otherwise stated.

There has been little recent progress in reducing relative poverty (see Figure 5). Reducing relative poverty tends to be more difficult than reducing absolute poverty, as this requires the incomes of lower-income households to catch up with the average household, while absolute poverty just requires incomes to grow faster than inflation. There have been periods when incomes have been falling, not least recently during the period of very high inflation, which is likely to continue to feed into rising absolute poverty (see Figure 42). In the longer term, incomes do tend to rise faster than inflation, and absolute poverty tends to fall, as shown by Figure 42, which is the equivalent of the relative poverty chart in the overall poverty rates section (Figure 5) earlier in this report.

Figure 42: Absolute poverty rates fell under both the last 2 previous Conservative Governments, but the biggest fall was under the previous Labour Government



Source: Households Below Average Income, 2022/23, DWP

Adjustments (known as equivalisation) are made to incomes to make them comparable across households of different sizes and compositions. For example, the process of equivalisation would adjust the income of a single person upwards so their income can be compared directly to the standard of living of a couple. The relative poverty thresholds AHC and what the median household income would be if adjusted to correspond to various family types are given in Table 18.

Table 18: Poverty thresholds vary by family type

| Household type | Median income | | Poverty threshold (60% of median) | | Deep poverty threshold (50% of median) | | Very deep poverty threshold (40% of median) | |
|--|---------------|---------|--------------------------------------|---------|--|---------|---|---------|
| | Weekly | Annual | Weekly | Annual | Weekly | Annual | Weekly | Annual |
| Lone parent with two children one 14 and over and one under 14 | £654 | £34,100 | £392 | £20,500 | £327 | £17,100 | £262 | £13,600 |
| Couple with two children one 14 and over and one under 14 | £883 | £46,000 | £530 | £27,600 | £442 | £23,000 | £353 | £18,400 |
| Couple with two children both under 14 | £763 | £39,800 | £458 | £23,900 | £382 | £19,900 | £305 | £15,900 |
| Adult, no children | £316 | £16,500 | £190 | £9,900 | £158 | £8,200 | £126 | £6,600 |
| Couple with no children | £545 | £28,400 | £327 | £17,100 | £273 | £14,200 | £218 | £11,400 |

Source: Households Below Average Income, 2022/23, DWP

Other indicators that you might see in this report are covered in Table 19. These are used for a variety of reasons, including due to a lack of information to calculate one of the poverty measures above or to show a slightly different perspective on people's experience.

Table 19: Definitions of measures of poverty, low-income and deprivation

| Measure | How is it measured? | What does this show? |
|--|--|--|
| Income deciles | We often talk about people living on a low-income who are in income deciles 1 and 2 (the bottom 20% of incomes). We calculate this by equivalising incomes and then ordering them from lowest income to highest income and selecting the bottom 20% of people or households. | This measure is often used when there is not enough information to measure relative poverty. It is a relative measure as the income distribution changes over time and it allows us to compare the experiences of low-income households over time. It is also a good proxy for relative poverty. In the last 30 years, the bottom 20% of incomes AHC have been below the poverty line in the UK. |
| Combined low-income and material deprivation | The proportion of people living in families that cannot afford a range of basic goods and services, such as 'having a warm winter coat' and 'keeping the house warm', as well as having a low-income BHC (less than 70% of the median). | Material deprivation is likely to rise if relative poverty BHC rises and/or the cost of essentials increase for example, due to inflation. |

| Measure | How is it measured? | What does this show? |
|---|--|--|
| Index of multiple deprivation | Multiple deprivation is measured at a local level to capture the advantages and disadvantages experienced, on average, by people living in that area. It includes multiple aspects of deprivation. For example, it includes income deprivation as well as other areas such as employment, education, health and housing. | Indexes of multiple deprivation are good at showing the opportunities or barriers that people, living in a local area, may face. This is helpful for identifying areas that may need additional support through local service provision as well as highlighting areas where people may have to overcome additional barriers. It is not good at identifying challenges faced by specific families, for example, it is possible that in an area with a very low level of deprivation for a family/ies in that area to be in poverty. |
| Persistent poverty | Persistent poverty captures people who have lived in relative poverty AHC in 3 or more of the last 4 years. | Persistent poverty shows the extent to which families remain trapped in poverty over time. |
| Deep and very deep poverty | Deep and very deep poverty are variations on relative poverty AHC. Deep poverty where someone's household income is below 50% of the median and very deep poverty is when their household income is below 40% of the median. | Deep and very deep poverty capture how far families in poverty are from the poverty line. If deep or very deep poverty increase but poverty stays the same it shows that people in poverty are getting further from the median income. |
| Social Metrics Commission's core measure of poverty | The Social Metrics Commission's measure captures whether someone has low material resources compared with inescapable costs, including housing costs. This looks beyond income at all material resources, assesses extra costs, including those due to disability and childcare, and includes people sleeping rough. (Social Metrics Commission, 2018). It also uses a smoothed poverty line to avoid potentially misleading year-on-year changes. | This measure is useful in understanding incomes relative to the incomes of others as well as relative to the inescapable costs that families must spend on, such as childcare and housing. |

Annex 2: Macro economy

In looking at how poverty is changing, it is important to consider the performance of the wider economy. The health of the economy will have a bearing on many of the factors that determine poverty levels. This includes:

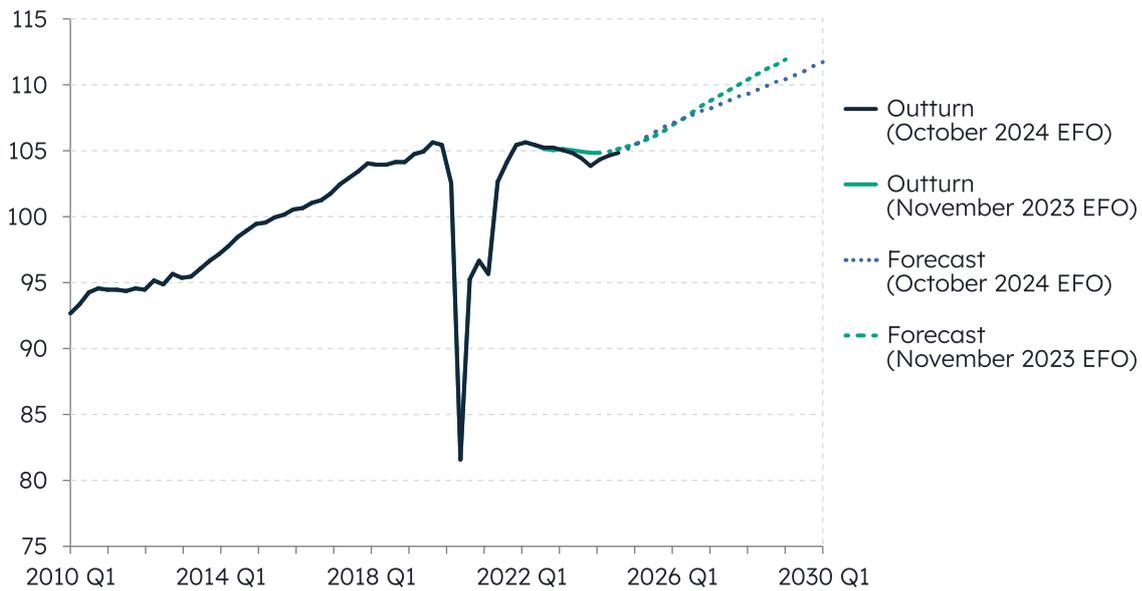
- tax revenues to fund public services, social security and other state support
- the performance of the labour market in terms of the number of jobs available and going wage rates
- the impact of inflation on the cost of living
- the impact of high interest rates on households.

This annex draws on the Office for Budget Responsibility's (OBR's) latest Economic and Fiscal Outlook report (EFO) and compares this to the EFO published before our last assessment of prospects for poverty in the UK ([Office for Budget Responsibility, 2023; 2024](#)). The relationship between macroeconomic variables and poverty is complex, and forecasts always come with a degree of uncertainty, so this should be seen as indicative.

While not a comprehensive measure of the economy, real Gross Domestic Product (GDP) per head of population gives an indication of how the economy is faring over time. This indicator fell dramatically in the second quarter of 2020, following the onset of the Covid-19 pandemic and associated lockdown measures. After a rebound in 2021, the energy-price shocks that initiated the cost of living crisis generated further headwinds on GDP. Data revisions show a greater contraction in GDP between 2023 and 2024, and the size of the economy remains below pre-pandemic levels. Furthermore, the OBR now expects GDP to grow more slowly than previously forecast, so that it ends the forecast period at a lower level than previously thought.

Figure 43: Despite better-than-expected performance since the pandemic, the long-run outlook for the economy has deteriorated

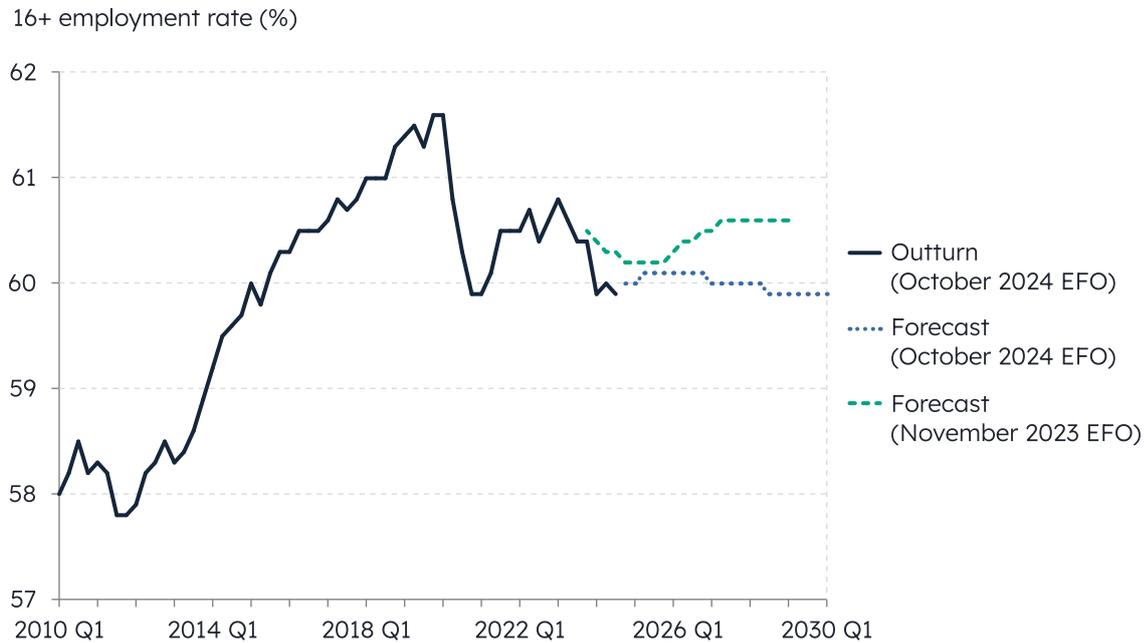
Real GDP per capita, 2008 Q1 = 100



Source: OBR: Economic and Fiscal Outlook November 2023 & October 2024.

After a decade of rising employment, the employment rate fell during the Covid-19 pandemic, although the furlough scheme ensured that this was not as severe as the fall in GDP. The proportion of the 16+ population in employment fell by almost 2 percentage points in 2020, equating to a decrease of 800,000 people in employment. Despite a partial recovery at the beginning of 2021, progress has stalled since the start of 2023, with employment below the OBR’s 2023 forecast and on a par with the employment rate at the peak of the pandemic. While the reliability of the underlying data remains a concern (Ashworth & Strauss, 2024), the employment rate is now almost 2 percentage points below its pre-pandemic levels and is not now forecast to rise before the end of the forecast horizon.

Figure 44: Employment has only partially recovered since the pandemic, and the forecast remains subdued

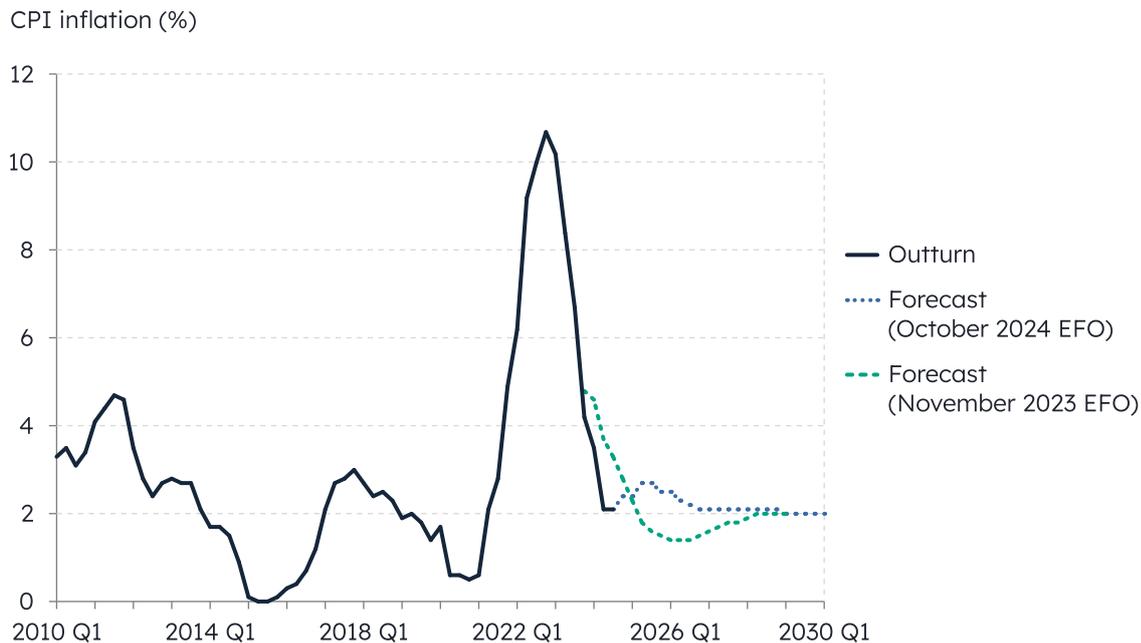


Source: OBR: Economic and Fiscal Outlook November 2023 & October 2024

Note: EFO = Economic and Fiscal Outlook.

Inflation, the rate at which prices increase, has been a chief concern since the beginning of the cost of living crisis. As measured by the Consumer Price Index (CPI), inflation remained near historic lows through to the start of 2021 but then rose rapidly to a peak of around 11% in 2022 – a rate of increase that had not been seen for around 40 years. Inflation has since subsided – that is, prices are growing at a slower rate. However, whereas the OBR was previously forecasting inflation to fall below the Bank of England target of 2% in 2025 and reach 2% by 2029, it now anticipates that the inflation will remain above this level until 2027 before reaching 2% by 2029.

Figure 45: We may be past the peak, but inflation is now forecast to remain at higher rate for a longer period of time



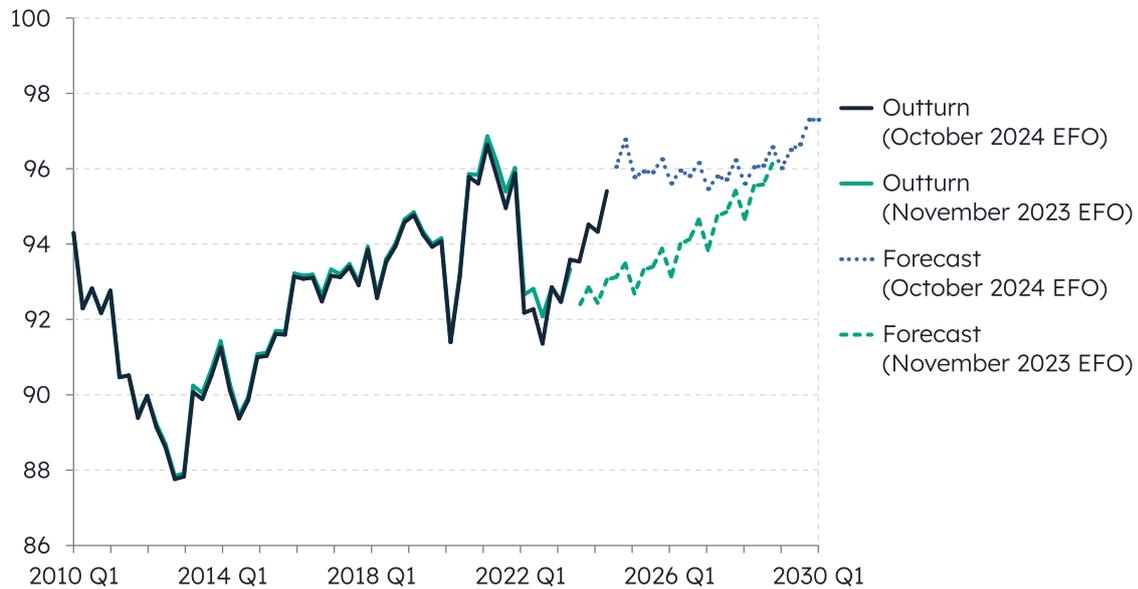
Source: OBR: Economic and Fiscal Outlook November 2023 & October 2024

Note: CPI = Consumer Price Index. EFO = Economic and Fiscal Outlook.

One result of high inflation is that average real earnings – that is, average earnings adjusted for inflation – have been eroded. Earnings quickly recovered following the pandemic but fell again in the second half of 2021 as inflation took hold, and now remain below their pre-pandemic level. This means that, remarkably, real earnings are only now higher than they were before the financial crisis 16 years ago. Average real earnings have outperformed the OBR’s 2023 forecast for the past year but are now expected to level off so that the overall result by 2029 is a modest 2% higher than in 2009.

Figure 46: Earnings have been eroded by inflation and are not expected to recover for many years

Average real earnings, 2008 Q1 = 100



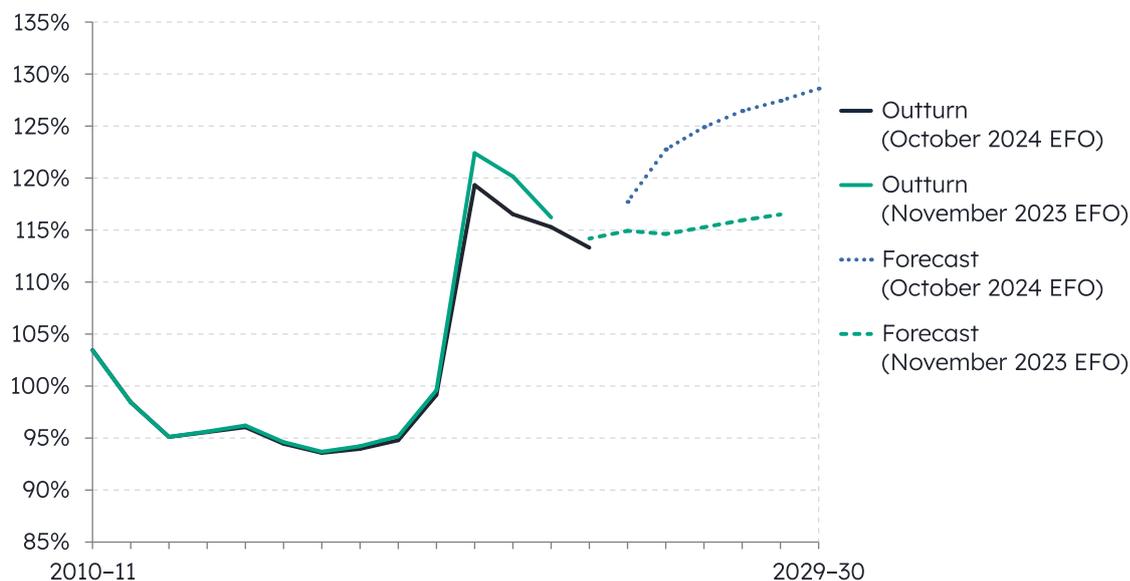
Source: OBR: Economic and Fiscal Outlook November 2023 & October 2024

Note: EFO = Economic and Fiscal Outlook. Average earnings have been index-adjusted for the CPI within each EFO.

Another consequence of high inflation is increased pressure on public services. The pandemic saw a historic rise in public spending – defined here as departmental spending – reaching over 20% above its 2008/09 level in real terms. However, since 2021/22, inflation has eroded the value of public spending, resulting in real-terms cuts. Real public spending remains much higher than its pre-pandemic level, and with a new Government in place, is now forecast to increase 10% in real terms by the end of the forecast horizon.

Figure 47: Public spending remains much higher than before the pandemic, but is being squeezed by inflation before growing again

Public spending, 2008–09 = 100, 2024–25 prices



Source: OBR: Economic and Fiscal Outlook November 2023 & October 2024

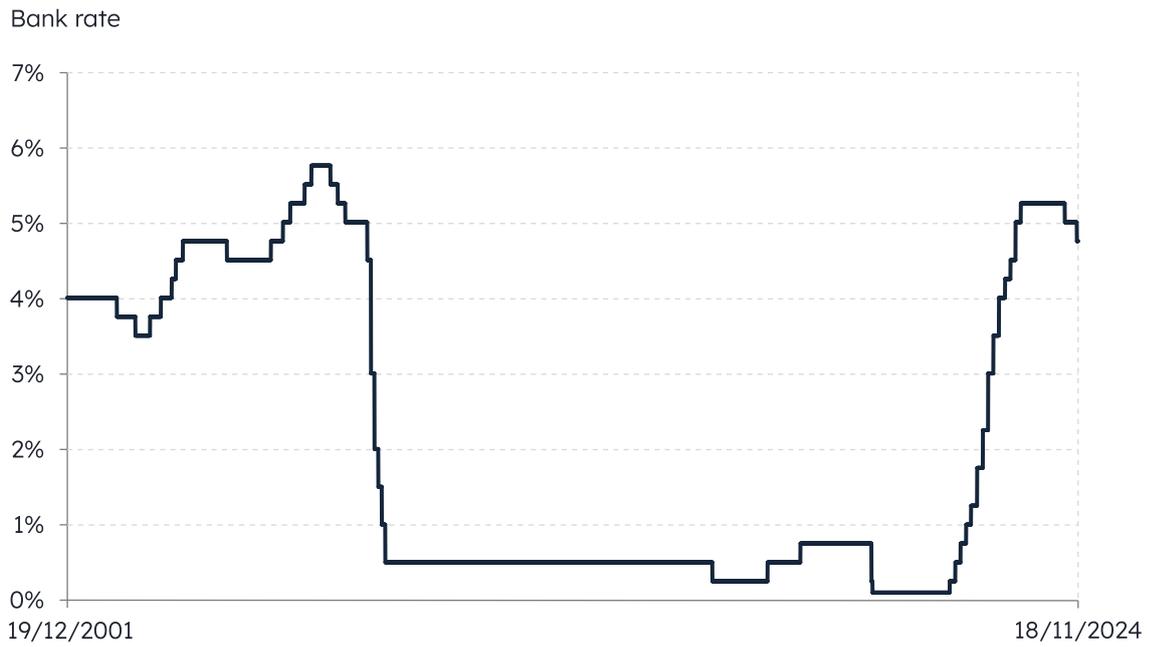
Note: Total of resource and capital spending, deflated using GDP deflator in each forecast.

Interest rates, the rate households pay for borrowing money, and what banks pay households to save money with them, are a monetary policy tool used by the Bank of England to control the rates of inflation in the economy. After a long period of historic lows, the cost of living crisis necessitated hikes in the Bank of England base rate, which directly impacts interest rates.

Households are impacted by interest rates in several ways. In the period since 2022, high interest rates have increased costs for households with unsecured lending (for example through credit cards or personal loans) and/or mortgage costs. JRF’s cost of living tracker in October 2024 shows that for mortgage holders in the bottom 2 income quintiles whose mortgage payments have gone up in the last 12 months, mortgages have increased by an average of £310 per month.

Households that can save are able to access a better return on their money. Low-income families are less likely than high-income families to be able to access the benefits of high interest rates, as we discuss in our chapter on savings and debt.

Figure 48: Interest rates from 2002



Annex 3: Average incomes and inequality

One way to measure changes in overall living standards is to track average incomes. This also helps us understand changes in poverty, since the relative measure of poverty that we use in this report is based on median household income. In particular, increases in the median will raise the poverty line, which in turn will lead to increases in poverty if the incomes of low-income households do not grow as quickly.

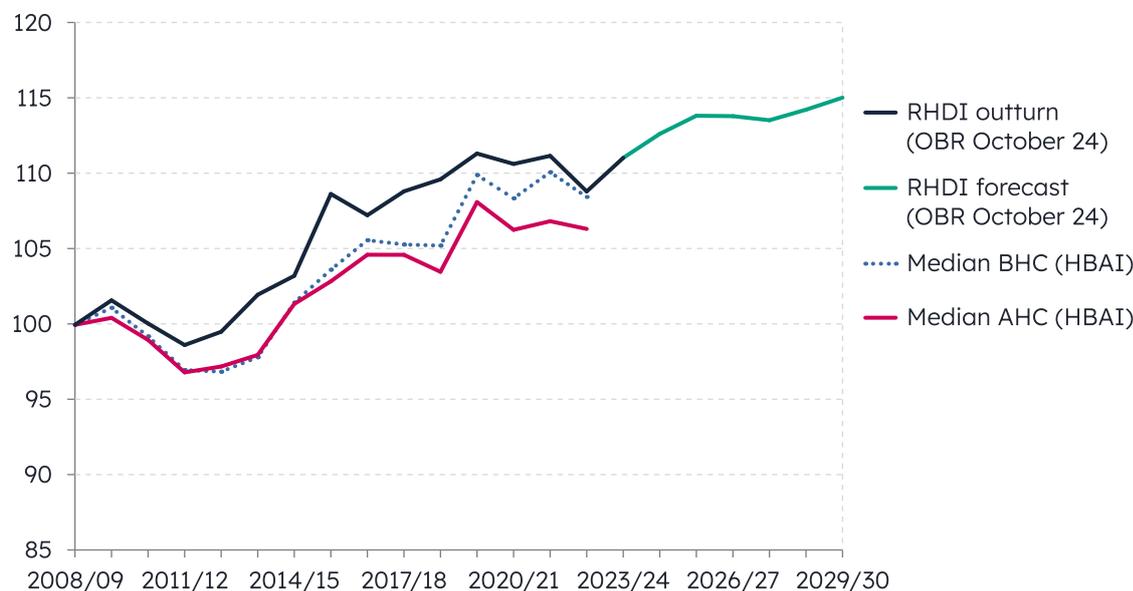
Figure 49 shows how average incomes have changed since 2008/09 according to 3 measures:

- median equivalised household income AHC (the basis of the threshold used for our poverty statistics) as measured in the HBAI dataset
- the equivalent measure BHC
- real household disposable income (RHDI) per capita.

RHDI is derived from the national accounts and includes the money households have to spend on consumption, or to save and invest, after taxes, National Insurance, pension contributions and interest have been paid⁸.

Figure 49: Incomes fell in 2022–23 – and Real Household Disposable Income is not expected to catch up with its pre-pandemic level until 2024-25

2008/09 = 100



Source: OBR: Economic and Fiscal Outlook October 2024 & Households Below Average Income, 2022/23, DWP

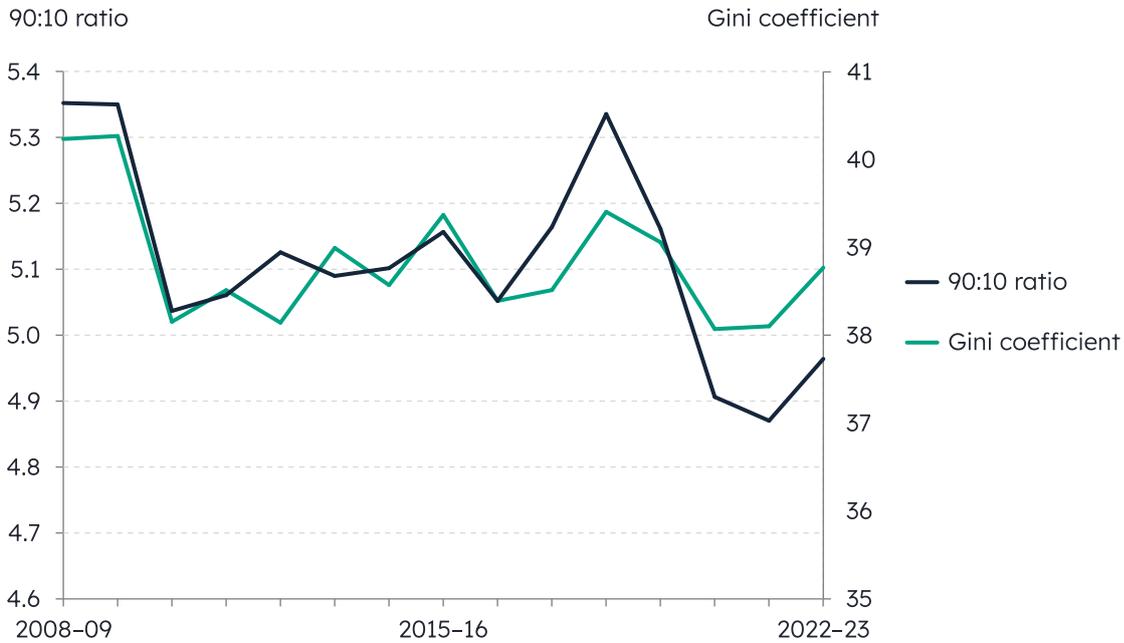
Note: AHC = after housing costs. BHC = before housing costs. HBAI = Households Below Average Income. OBR = Office for Budget Responsibility. RHDI = real household disposable income.

The income measures based on the HBAI follow a similar pattern to the RHDI index, with a fall in average incomes between 2009/10 and 2011/12 following the financial crisis, before a period of broadly growing average incomes to 2019/20. The Covid-19 pandemic halted this trend, with all 3 series showing a fall between 2019/20 and 2020/21. After a rebound in 2021/22, all 3 series showed falls in 2022/23. The RHDI shows growth in 2023/24, but on this measure, average incomes will remain below their pre-pandemic level until 2024/25.

Two of the most commonly used measures of income inequality are the Gini Coefficient and the 90:10 ratio. The Gini Coefficient shows how incomes are distributed across all individuals. It ranges from zero (when everybody has identical incomes) to 100% (when all income goes to only one person). The 90:10 ratio is the median income of the top 20% (quintile 5) divided by the median of the bottom 20% (quintile 1). The chart below shows that income inequality fell following the financial crisis (between 2009/10 and 2010/11) followed by an overall increase up to 2019/20. There were large falls in 2020/21, likely due in part to the introduction of temporary benefit measures. These measures were withdrawn halfway through 2021/22, which saw a slight increase in the Gini coefficient but

a reduction in the 90:10 ratio. In 2022/23 (and 2023/24), a range of cost of living payments were made, but both inequality measures rose slightly despite these. They remain below their pre-pandemic levels, though, but only slightly below for the Gini coefficient.

Figure 50: Income inequality rose in 2022/23, despite cost of living payments, but remains below pre-pandemic levels



Source: DWP, Households Below Average Income, 2022/23. Both inequality measures are on an AHC basis.

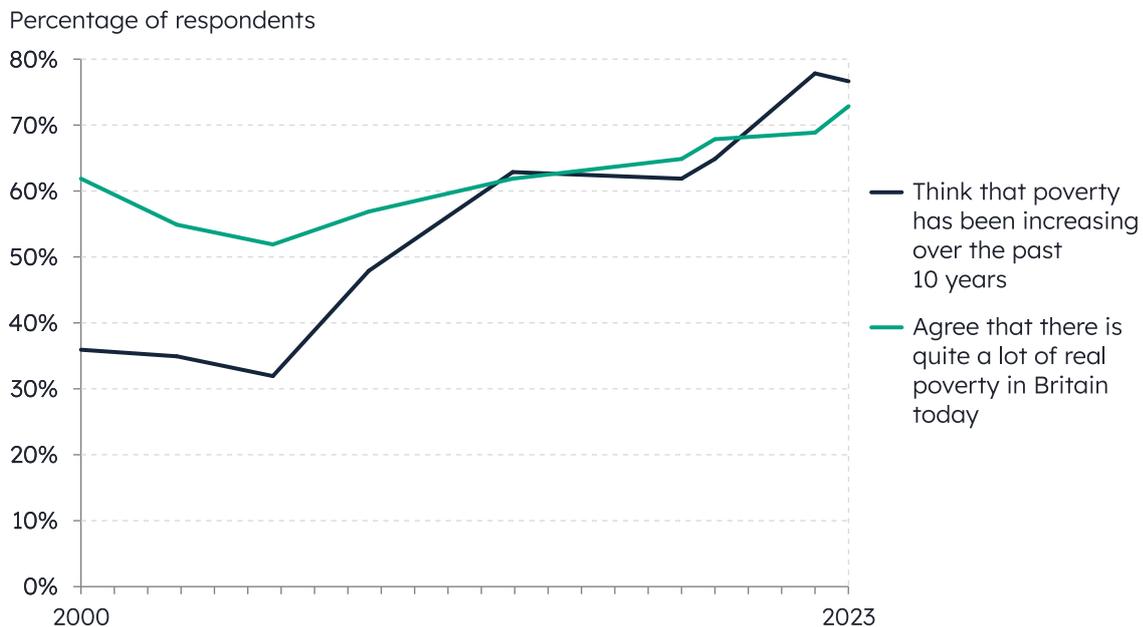
The outlook for inequality remains uncertain, depending as it does on the distribution of changes in earnings and employment as well as the impacts of tax and benefit policies, among other factors.

Annex 4: Public attitudes to poverty

It should be a fundamental responsibility of government to provide adequate support to people on low incomes or out-of-work. This should not be reliant on public attitudes. Nevertheless, the British public continues to be more supportive of government action to help people on low incomes and to provide an effective social security system to support those in need, rather than weakening this safety net.

The British Social Attitudes (BSA) Survey has looked at public attitudes on a wide range of topics, including perceptions of poverty, government spending, social security and employment, since 1983. Data from the latest wave of the survey found that around three-quarters of people (73%) think that there is quite a lot of real poverty in Britain, up from 52% in 2006, the lowest point in the last 20 years, and the highest ever in the survey. Furthermore, over three-quarters think that poverty has increased over the last 10 years (77%) (Montagu & Maplethorpe, 2024).

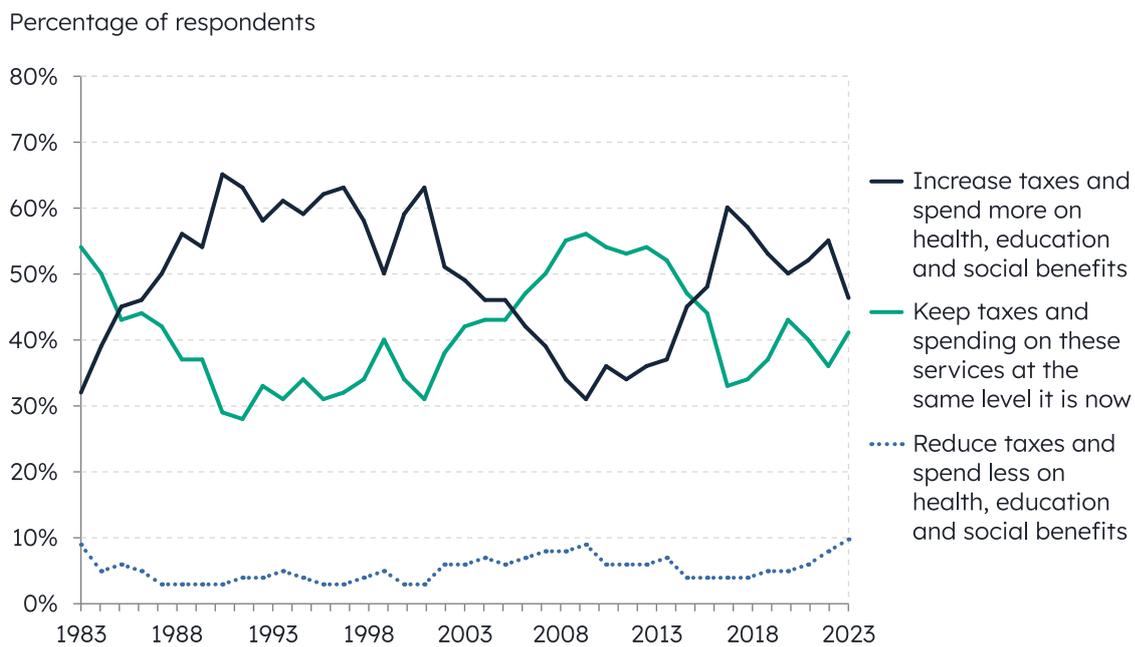
Figure 51: The proportion of people who think there is quite a lot of real poverty in Britain has increased by nearly 21 percentage points since 2006, and the proportion who think poverty has been increasing has more than doubled



Source: BSA survey, 2000-2023

The British public also continues to be supportive of Government action to help people in need. Attitudes towards government tax and spending on health, education and social benefits remain more favourable than they were during the late 2000s and early 2010s. In the latest data, the share being supportive of increasing taxes and spending more on health, education and social benefits has fallen below half to 46%, while a climbing but still very small share of the population, at 1 in 10 people, reported being supportive of cuts to tax and spending in 2023.

Figure 52: Just under half of the British public has agreed that the Government should increase tax and spending on health, education and social benefits



Source: BSA survey, 1983-2023

The majority of the public believes that the Government has responsibility for managing levels of inflation, ensuring that people who are unemployed are able to have a decent standard of living and reducing income differences between the rich and poor. The latest data available on this issue from the BSA survey from their 2022 survey showed the highest ever levels of public support for the statement that it is Government's responsibility to reduce income differences between the rich and poor (Baumberg Geiger et al., 2023). In the most recent data, 53% said this was definitely the responsibility of Government, and a further 28% said it was probably the responsibility of Government. The latest data also shows very high proportions saying it is definitely or probably Government's responsibility to ensure that people who are unemployed have a decent standard of living (81% in total) and that it is Government's responsibility to keep prices under control (94% in total, second highest after 95% in 2000). (Note that the data referred to in this paragraph is from the 2022 BSA survey; the questions are asked cyclically and were not included in the latest iteration of the survey.)

In a pre-budget survey carried out by More in Common on behalf of the Joseph Rowntree Foundation in October 2024 (More in Common, 2024), the cost of living and hardship was most frequently cited as one of the top 3 most important issues facing the country today, selected by two-thirds of respondents (67%). These were followed by healthcare and the NHS (63%), immigration (38%), the economy and levels of growth (27%) and crime and law and order (27%). Moreover, a very high share of respondents cited that they were very or somewhat concerned about people in the UK being affected by the cost of living crisis (87%) or facing hardship (84%), while over 9 in 10 (92%) said that tackling the cost of living and reducing levels of hardship should be very or somewhat important for Government. The vast majority (around 9 in 10 respondents) of respondents said that they had been either very (36%) or somewhat (53%) affected by the cost of living crisis, and over half reported they had experienced hardship either within the last 12 months (24%) or at some point in the past (34%). These findings underscore the urgent need for the Government to prioritise actions addressing the cost of living pressures and alleviating hardship.

Annex 5: Data quality in the FRS and its impact on analysis

The majority of findings in this report come from data collected in the FRS in 2022/23 and the HBAI data that was generated from this. These datasets are the UK's official source of poverty estimates. They are used to estimate current levels of poverty across the UK and whether and how the poverty rate has changed over time. Our previous UK Poverty reports have also drawn extensively on figures that the DWP has made available from these datasets.

Fieldwork for the 2022/23 survey was similar to that used before the pandemic, being conducted mainly face to face, unlike in 2020/21 and 2021/22 when restrictions in place during the Covid-19 pandemic affected data collection and interviews were carried out by telephone. The sample size for the survey in 2022/23 was around 25,000 households, an increase on the pre-pandemic sample sizes, which were mostly between 19,000 and 20,000 households in survey years 2011/12 to 2019/20, and much bigger than the sample size in 2020/21 (around 10,000 households) and 2021/22 (around 16,000 households).

Our assessment is that the 2022/23 FRS data is of comparable quality to the pre-pandemic surveys, although the response rate of 25% of households sampled agreeing to take part is worryingly low, as is the expected drop in sample size to 17,000 in the 2023/24 survey. The main remaining pandemic effect can be seen between the last pre-pandemic survey and the latest survey year available. DWP only published a limited number of tables from the 2020/21 FRS and HBAI due to concerns about the impact of moving to telephone interviewing on response rates and significant survey biases (see Annex 5 of the UK Poverty 2023 report). The 2021/22 sample was much more representative, and DWP published a full set of tables based on this dataset. However, there remained some residual issues in terms of representativeness outlined in Annex 5 of last year's UK Poverty report.

It is important to note that the DWP has advised that the 2020/21 data should not be included in calculations of any 3-year averages for estimates, which are used primarily for breakdowns by UK nation or region and by ethnic group. This means that the latest figures presented in this year's UK Poverty report based on 3-year averages are, in fact, only an average of estimates from the 2021/22 and 2022/23 data.

In terms of other points to note in the 2022/23 survey data, income data includes imputed cost of living payments. The imputation looked at eligibility at the interview date, and the payment was assumed to last until the next payment of that type was received by the respondent.

Note that DWP has yet to include UK population and private household estimates based on the 2021 Census (2022 for Scotland) in their grossing up of the sample to population estimates. When this is done, there are very likely to be revisions of the survey results from 2011/12 onwards.

Useful background information:

- Households Below Average Income series: Quality and methodology information report FYE 2023: <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2023/households-below-average-income-series-quality-and-methodology-information-report-fye-2023>
- Family Resources Survey: Background information and methodology: <https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2022-to-2023/family-resources-survey-background-information-and-methodology>
- Family Resources Survey: Release strategy: <https://www.gov.uk/government/publications/family-resources-survey-release-strategy/family-resources-survey-release-strategy>

Notes

1. Excludes children who are not in full-time work or education or training as they are classified as working-age adults.
2. Disability is defined according to the core definition within the Equality Act 2010: ‘a physical or mental impairment which has a substantial and long-term adverse effect on the ability to carry out normal day-to-day activities’.
3. Mental health conditions include difficulty with learning, understanding or concentrating, memory, mental health, and social or behavioural difficulties (for example associated with autism, attention deficit disorder or Asperger’s syndrome). Physical disability includes difficulty with vision, hearing, mobility, dexterity, stamina, breathing or fatigue. The Other disability category is a specific response category included in the survey to capture any other disability not included in the given response list. Only people who say that their condition limits their daily life a lot or a little are included in these categories.
4. People are eligible for free school meals for a variety of reasons including receiving low-income benefits such as UC (if their household income after tax is less than £7,400) or Income Support ([Turn2Us, 2024](#)).
5. While these measures offer a sufficient amount of information to think about the impact of poverty on education, they are not a perfect match for poverty or a low-income ([Siddiqui & Gorard, 2022](#)).
6. This analysis defined poor educational achievement as not achieving 5 or more GCSEs, including in maths and English, graded C or above, or 5 or more National 5s, including in maths and English, graded D or above.
7. Each education system in the UK uses different terminology around supporting students who are disabled and/or have ALN at school. For example, special educational needs and disability (SEND) in England, ASN in Scotland, ALN in Wales and special educational needs (SEN) in Northern Ireland.
8. RHDI also includes non-profit institutions serving households, such as charities, trade unions and religious organisations, so changes in the series may not be solely due to changes in household incomes. However, non-profit institutions are a relatively small component.

References

Ashworth, L. Strauss, D. (2024) 'Bank of England chief economist criticises statistics agency over poor jobs data', Financial Times, 22 October [Online]. Available at: <https://www.ft.com/content/f899a598-1b72-4084-a451-297c42dc9a18> [Accessed 17 December 2024]

Avvisati, F. Ilizaliturri, R. (2023) PISA 2022 Results (Volume I and II) – Country notes: United Kingdom [Online]. Available at: https://www.oecd.org/en/publications/pisa-2022-results-volume-i-and-ii-country-notes_ed6fbcc5-en/united-kingdom_9c15db47-en.html [Accessed 17 December 2024]

Azpitarte, F. Holt, L. (2023) Failing children with special educational needs and disabilities in England: New evidence of poor outcomes and a postcode lottery at the Local Authority level at Key Stage 1 [Online]. Available at: <https://doi.org/10.1002/berj.3930> [Accessed 17 December 2024]

Bank of England (2024) Monetary Policy Report - November 2024 [Online]. <https://www.bankofengland.co.uk/monetary-policy-report/2024/november-2024> [Accessed 17 December 2024]

Bash, K. (2023) Food insecurity as a public health issue [Online]. Available at: <https://www.fph.org.uk/media/3743/food-insecurity-as-ph-issue-kbash-25-jan-23-v03.pdf> [Accessed 17 December 2024]

Baumberg Geiger, B. de Vries, R. O'Grady, T. Summers, K. (2023) 'Poverty', British Social Attitudes, 43 [Online]. Available at: <https://natcen.ac.uk/publications/bsa-40-poverty> [Accessed: 31 October 2024]

Bevan Foundation (2024) Tackling disadvantage through childcare in Wales [Online]. Available at: <https://www.bevanfoundation.org/resources/tackling-disadvantage-through-childcare-in-wales/> [Accessed 17 December 2024]

Bolton, P. Stewart, I. (2024) Domestic energy prices [Online]. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9491/> [Accessed 17 December 2024]

Cabinet Office (2024) Tackling child poverty: Developing our strategy [Online]. Available at: <https://www.gov.uk/government/publications/tackling-child-poverty-developing-our-strategy/tackling-child-poverty-developing-our-strategy-html> [Accessed 17 December 2024]

Carers UK (2023) State of Caring Survey 2023. The impact of caring on: finances. [Online]. Available at: <https://www.carersuk.org/reports/state-of-caring-survey-2023-the-impact-of-caring-on-finances/> [Accessed 17 December 2024]

Carmichael, D. Riddell, S. (2017) An overview of statistics on SEN in England and ASN in Scotland [Online]. Available at: https://www.docs.hss.ed.ac.uk/education/creid/Projects/39_ii_ESRC_SENChildren_WP_1.pdf [Accessed 17 December 2024]

Cebula, C. (2024) Understanding the link between childcare costs, poverty and disposable income [Online]. Available at: <https://www.jrf.org.uk/child-poverty/understanding-the-link-between-childcare-costs-poverty-and-disposable-income> [Accessed 17 December 2024]

Centre for Longitudinal Studies (2017) Intergenerational inequality in early years assessments, Millennium Cohort Study Briefing 13 [Online]. Available at: https://cls.ucl.ac.uk/wp-content/uploads/2017/05/13_briefing_web.pdf [Accessed 17 December 2024]

Chworow, A. (2024) Right to food off the Government agenda [Online] <https://www.nourishscotland.org/right-to-food-off-the-government-agenda-despite-1-in-6-people-experiencing-food-insecurity/> [Accessed 21 December 2024]

Clark, T. Wenham, A. (2022) Anxiety nation? Economic insecurity and mental distress in 2020s Britain [Online]. Available at: <https://www.jrf.org.uk/anxiety-nation-economic-insecurity-and-mental-distress-in-2020s-britain> [Accessed 17 December 2024]

Cominetti, N. Slaughter, H. (2024) The Resolution Foundation labour market outlook [Online]. Available at: <https://www.resolutionfoundation.org/app/uploads/2024/03/LMO-Q2-2024.pdf> [Accessed: 24 October 2024]

CPAG, 2024. Cost of the school day [Online]. Available at: <https://cpag.org.uk/cost-of-the-school-day> [Accessed 17 December 2024]

De Hert, M. Correll, C.U. Bobes, J. Cetkovich-Bakmas, M. Cohen, D. Asai, I. Detraux, J. Gautam, S. Möller, H.J. Ndeti, D.M. Newcomer, J.W. Uwakwe, R. Leucht, S. (2011) Physical illness in patients with severe mental disorders. I. Prevalence, impact of medications and disparities in health care [Online]. Available at: <https://onlinelibrary.wiley.com/doi/10.1002/j.2051-5545.2011.tb00014.x> [Accessed 19 December 2024]

Department for Business and Trade (2024) National Minimum Wage and National Living Wage: Updated Low Pay Commission remit 2024. [Online] Available at: <https://www.gov.uk/government/publications/national-minimum-wage-and-national-living-wage-updated-low-pay-commission-remit-2024> [Accessed: 30 October 2024]

Department for Work and Pensions (2023) Employment of disabled people [Online]. Available at: <https://www.gov.uk/government/statistics/the-employment-of-disabled-people-2023/employment-of-disabled-people-2023> [Accessed 17 December 2024]

Department for Work and Pensions (2024a) Income dynamics: 2010 to 2022 [Online]. Available at: <https://www.gov.uk/government/statistics/income-dynamics-2010-to-2022> [Accessed: 31 October 2024]

Department for Work and Pensions (2024b) Universal Credit and Child Tax Credit claimants: statistics related to the policy to provide support for a maximum of two children, April 2024 [Online]. Available at: <https://www.gov.uk/government/statistics/universal-credit-and-child-tax-credit-claimants-statistics-related-to-the-policy-to-provide-support-for-a-maximum-of-2-children-april-2024/universal-credit-and-child-tax-credit-claimants-statistics-related-to-the-p> [Accessed 17 December 2024]

Department for Work and Pensions (2024c) Universal Credit statistics, 29 April 2013 to 14 November 2024 [Online]. Available at: <https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-14-november-2024> [Accessed 17 December 2024]

Earwaker, R. (2024) Stop the freeze: Permanently re-link housing benefits to private rents [Online]. Available at: <https://www.jrf.org.uk/housing/stop-the-freeze-permanently-re-link-housing-benefits-to-private-rents> [Accessed: 24 October 2024]

Employers for Childcare (2024) Tackling disadvantage through childcare in Northern Ireland [Online]. Available at: <https://www.employersforchildcare.org/report/childcare-brief/> [Accessed 17 December 2024]

End Child Poverty (2024) Local child poverty statistics [Online]. Available at: <https://endchildpoverty.org.uk/child-poverty> [Accessed: 24 October 2024]

Fitzpatrick, S. Bramley, G. Treanor, M. Blenkinsopp, J. McIntyre, J. Johnsen, S. McMordie, L. (2023) Destitution in the UK 2023 [Online]. Available at: <https://www.jrf.org.uk/report/destitution-uk-2023> [Accessed: 31 October 2024]

- The Food Foundation (2023) Food insecurity tracking [Online]. Available at: <https://foodfoundation.org.uk/initiatives/food-insecurity-tracking> [Accessed 17 December 2024]
- HESA (2024) Graduate outcomes 2021/22: Summary statistics - Graduate activities and characteristics [Online]. Available at: <https://www.hesa.ac.uk/news/13-06-2024/sb268-higher-education-graduate-outcomes-statistics/activities> [Accessed 17 December 2024]
- Hobson, F. (2020) The aims of ten years of welfare reform (2010–2020) [Online]. Available at: <https://researchbriefings.files.parliament.uk/documents/CBP-9090/CBP-9090.pdf> [Accessed 17 December 2024]
- Hunt, E. (2023) EPI Annual report 2023 [Online]. Available at: <https://epi.org.uk/publications-and-research/annual-report-2023/> [Accessed 17 December 2024]
- Hutchinson, J. (2021) Identifying pupils with special educational needs and disabilities [Online]. Available at: <https://epi.org.uk/publications-and-research/identifying-send/> [Accessed 17 December 2024]
- Institute for Fiscal Studies (2024) Living standards, poverty and inequality in the UK [Online]. Available at: <https://ifs.org.uk/living-standards-poverty-and-inequality-uk> [Accessed 17 December 2024]
- Institute for Social and Economic Research, University of Essex (2023) Understanding society: waves 1–13, 2009–2022 and harmonised BHPS: waves 1–18, 1991–2009 [data collection], 18th edition, UK Data Service, SN: 6614 [Online]. Available at: <http://doi.org/10.5255/UKDA-SN-6614-19> [Accessed: 11 December 2023]
- Jarvie, M. Ollerearnshaw, R. Goddard, E. (2023) Tackling disadvantage through childcare [Online]. Available at: <https://www.jrf.org.uk/report/tackling-disadvantage-through-childcare> [Accessed 17 December 2024]
- Johnson-Hunter, M. Earwaker, R. (2024) Reality for low-income households in May 2024 [Online]. Available at: <https://www.jrf.org.uk/cost-of-living/jrfs-pre-election-cost-of-living-tracker> [Accessed 17 December 2024]
- Joseph Rowntree Foundation (2023) What protects people from very deep poverty, and what makes it more likely? [Online]. Available at: <https://www.jrf.org.uk/report/what-protects-people-very-deep-poverty-and-what-makes-it-more-likely> [Accessed 17 December 2024]

Joseph Rowntree Foundation and Trussell (2024) Guarantee our essentials: Reforming Universal Credit to ensure we can all afford the essentials in hard times [Online]. Available at: <https://www.jrf.org.uk/social-security/guarantee-our-essentials-reforming-universal-credit-to-ensure-we-can-all-afford-the> [Accessed 17 December 2024]

Kaye, N. (2023) 'The cumulative impact of socioeconomic disadvantage on educational attainment during austerity: A comparative cross-cohort approach'. *Oxford Review of Education*, 50(2), pp. 186–206 [Online]. Available at: <https://doi.org/10.1080/03054985.2023.2234287> [Accessed 17 December 2024]

Kendall, L. (2024) Debate on 'Economy, welfare and public services' on 22nd July 2024. UK Parliament. [Online]. Available at: <https://hansard.parliament.uk/Commons/2024-07-22/debates/67C8D6FC-BDA4-47FF-BECC-537443D53120/EconomyWelfareAndPublicServices#contribution-6899EFD5-AFE0-4802-AA31-B5D8E9FE3B53> [Accessed 17 December 2024]

Kippin, S. (2023) Educational equity in England: The shortcomings of the UK Government's COVID-19 response [Online]. Available at: <https://routledgeopenresearch.org/articles/2-24/v1> [Accessed 17 December 2024]

Labour (2024) Change – Labour party manifesto. [Online]. Available at: <https://labour.org.uk/wp-content/uploads/2024/06/Labour-Party-manifesto-2024.pdf> [Accessed 17 December 2024]

Lai, E. Wickham, S. Law, C. Whitehead, M. Barr, B. Taylor-Robinson, D. (2019) Poverty dynamics and health in late childhood in the UK: Evidence from the Millennium Cohort Study [Online]. Available at: <https://discovery.ucl.ac.uk/id/eprint/10077061/1/archdischild-2018-316702.full.pdf> [Accessed 17 December 2024]

Mallorie, S. (2024) The relationship between poverty and NHS services [Online]. Available at: <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/relationship-poverty-nhs-services> [Accessed 17 December 2024]

Manning, A. Petronalgo, B. (2005) The part-time pay penalty, CEP Discussion Paper no. 679 [Online]. Available at: <https://cep.lse.ac.uk/pubs/download/dp0679.pdf> [Accessed 17 December 2024]

Matejic, P. (2022) Fifty years of benefit uprating [Online]. Available at: <https://www.jrf.org.uk/social-security/fifty-years-of-benefit-uprating> [Accessed 17 December 2024]

Matejic, P. Schmuecker, K. Ibison, Y. Taylor, I. (2024) Bangladeshi, Black African and Pakistani households at higher risk of very deep, long-term poverty [Online]. Available at: <https://www.jrf.org.uk/race-and-ethnicity/bangladeshi-black-african-pakistani-households-higher-risk-of-very-deep-poverty> [Accessed 17 December 2024]

Milne, B. Matejic, P. Stirling, A. (2024) Economic growth and poverty [Online]. Available at: <https://www.jrf.org.uk/work/economic-growth-and-poverty> [Accessed 17 December 2024]

Ministry for Housing, Communities and Local Government (2024) Future social housing rent policy. [Online]. Available at: <https://www.gov.uk/government/consultations/consultation-on-future-social-housing-rent-policy/future-social-housing-rent-policy#about-this-consultation> [Accessed: 30 October 2024]

Montagu, I. Maplethorpe, N. (2024) Five years of unprecedented challenges: The impact of the 2019-2024 Parliament on public opinion [Online]. Available at: <https://natcen.ac.uk/sites/default/files/2024-06/BSA%2041%20Five%20years%20of%20unprecedented%20challenges.pdf> [Accessed: 31 October 2024]

More in Common (2024) Voters' expectations of Labour on tackling hardship (additional unpublished tables) [Online]. Available at: <https://www.moreincommon.org.uk/media/tp0mpcio/jrf-report.pdf> [Accessed: 31 October 2024]

Mostafa, T. Schwabe, M. (2019) Programme for International Student Assessment (PISA) results from PISA 2018 – United Kingdom Country Note [Online]. Available at: https://www.oecd.org/content/dam/oecd/en/about/programmes/edu/pisa/publications/national-reports/pisa-2018/featured-country-specific-overviews/PISA2018_CN_GBR.pdf [Accessed 17 December 2024]

National Records of Scotland (2016) Scotland's population 2016: The Registrar General's annual review of demographic trends, Chapter 4 [Online]. Available at: <https://webarchive.nrscotland.gov.uk/20210316073644/https://www.nrscotland.gov.uk/statistics-and-data/statistics/stats-at-a-glance/registrars-general-annual-review/2016/chapter-4-life-expectancy> [Accessed 17 December 2024]

National Records of Scotland (2023) Long-term monitoring of health inequalities March 2023 report [Online]. Available at: <https://www.gov.scot/publications/long-term-monitoring-health-inequalities-march-2023-report/> [Accessed 17 December 2024]

National Records of Scotland (2024) Life expectancy in Scotland, 2021–2023 [Online]. Available at: <https://www.nrscotland.gov.uk/publications/life-expectancy-in-scotland-2021-2023/> [Accessed 3 January 2025]

Northern Ireland Department of Health (2023) Life expectancy in Northern Ireland 2020–22 [Online]. Available at: <https://www.health-ni.gov.uk/news/life-expectancy-northern-ireland-2020-22> [Accessed 17 December 2024]

Northern Ireland Department of Health (2024) Health inequalities annual report 2024 [Online]. Available at: <https://www.health-ni.gov.uk/publications/health-inequalities-annual-report-2024> [Accessed 17 December 2024]

Office for Budget Responsibility (2023) Economic and fiscal outlook – November 2023 [Online]. Available at: <https://obr.uk/efo/economic-and-fiscal-outlook-november-2023> [Accessed: 31 October 2024]

Office for Budget Responsibility (2024) Economic and fiscal outlook – October 2024 [Online]. Available at: <https://obr.uk/efo/economic-and-fiscal-outlook-october-2024> [Accessed: 31 November 2024]

Office for National Statistics (2022a) Health state life expectancies by national deprivation deciles, England [Online]. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthinequalities/bulletins/healthstatelifeexpectanciesbyindexofmultipledeprivationimd/2018to2020> [Accessed 17 December 2024]

Office for National Statistics (2022b) Health state life expectancies by national deprivation quintiles, Wales [Online]. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthinequalities/bulletins/healthstatelifeexpectanciesbynationaldeprivationdecileswales/2018to2020> [Accessed 17 December 2024]

Office for National Statistics (2023) Low and high pay in the UK: 2023 [Online]. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowandhighpayuk/2023> [Accessed: 24 October 2024]

Office for National Statistics (2024a) Average weekly earnings in Great Britain: September 2024. [Online] Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/september2024> [Accessed 24 October 2024]

Office for National Statistics (2024b) CPI annual rate 00: All items 2015=100 [Online]. Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23> [Accessed 17 December 2024]

Office for National Statistics (2024c) CPI index 01: Food and non-alcoholic beverages 2015=100 [Online]. Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bu/mm23> [Accessed 17 December 2024]

Office for National Statistics (2024d) Employment rate (aged 16 to 64, seasonally adjusted): % [Online]. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/lf24/lms> [Accessed 17 December 2024]

Office for National Statistics (2024e) Impact of increased cost of living on adults across Great Britain: July to October 2023 [Online]. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/articles/impactofincreasedcostoflivingonadultsacrossgreatbritain/julytooctober2023#experiences-of-increased-cost-of-living-among-more-detailed-groups-of-the-population> [Accessed: 31 October 2024]

Office for National Statistics (2024f) Labour market overview, UK: October 2024 [Online]. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/october2024> [Accessed 17 December 2024]

Office for National Statistics (2024g) Private rent and house prices, UK: October 2024 [Online]. Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/october2024> [Accessed: 24 October 2024]

Porter, I. (2024) Unlocking benefits: Tackling barriers for disabled people wanting to work [Online]. Available at: <https://www.jrf.org.uk/work/unlocking-benefits-tackling-barriers-for-disabled-people-wanting-to-work> [Accessed 17 December 2024]

Powell, A. Francis-Devine, B. (2024) UK Labour Market Statistics. House of Commons Library. [Online]. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9366/> [Accessed: 24 October 2024]

Public Health England (2021). Caring as a social determinant of health: review of evidence. [Online]. Available at: <https://www.gov.uk/government/publications/caring-as-a-social-determinant-of-health-review-of-evidence> [Accessed 17 December 2024]

Public Health Observatory Wales (2022) Health expectancies in Wales with inequality gap [Online]. Available at: https://publichealthwales.shinyapps.io/PHWO_HealthExpectanciesWalesProfile_v2a/ [Accessed 17 December 2024]

Race Disparity Unit and Equality Hub (2023) Outcomes in labour market for ethnic minorities by immigrant generation status [Online]. Available at: <https://www.gov.uk/government/publications/outcomes-in-labour-market-for-ethnic-minorities-by-immigrant-generation-status/outcomes-in-labour-market-for-ethnic-minorities-by-immigrant-generation-status> [Accessed: 31 October 2024]

Race Equality Foundation (2018) New research on the impact of welfare reforms [Online]. Available at: <https://raceequalityfoundation.org.uk/community/new-research-on-the-impact-of-welfare-reforms/> [Accessed: 31 October 2024].

Rightmove (2024) The Rightmove rental trends tracker [Online]. Available at: <https://hub.rightmove.co.uk/content/uploads/2024/07/Rental-Trends-Tracker-Q2-2024-FINAL.pdf> [Accessed: 24 October 2024]

Scottish Government (2020) Scottish index of multiple deprivation [Online]. Available at: <https://www.gov.scot/collections/scottish-index-of-multiple-deprivation-2020/> [Accessed 17 December 2024]

Scottish Government (2024) Scrapping the two-child limit [Online]. Available at: <https://www.gov.scot/news/scrapping-the-two-child-limit/> [Accessed: 12 December 2024]

Schmuecker, K. (2023) What protects people from very deep poverty, and what makes it more likely? [Online]. Available at: <https://www.jrf.org.uk/deep-poverty-and-destitution/what-protects-people-from-very-deep-poverty-and-what-makes-it-more> [Accessed 19 December 2024]

Schmuecker, K. Bestwick, M. (2023) An income safety net [Online]. Available at: <https://www.jrf.org.uk/report/income-safety-net> [Accessed 17 December 2024]

- Schmuecker, K. Bestwick, M. (2024) The impact of hardship on primary schools and primary and community healthcare [Online]. Available at: <https://www.jrf.org.uk/deep-poverty-and-destitution/the-impact-of-hardship-on-primary-schools-and-primary-healthcare> [Accessed 3 January 2025]
- Shaw, B. Bernardes, E. Trethewey, A. Menzies, L. (2016) Special educational needs and their links to poverty [Online]. Available at: <https://www.jrf.org.uk/child-poverty/special-educational-needs-and-their-links-to-poverty> [Accessed 17 December 2024]
- Siddiqui, N. Gorard, S. (2022) 'Is household income a reliable measure when assessing educational outcomes? A jigsaw of 2 datasets (Next Steps and National Pupil Database) for understanding indicators of disadvantage', *International Journal of Research & Method in Education*, 46(2), pp. 118–132 [Online]. Available at: <https://doi.org/10.1080/1743727X.2022.2094359> [Accessed 17 December 2024]
- Social Metrics Commission (2018) Social Metrics Commission 2018 report [Online]. Available at: <https://socialmetricscommission.org.uk/social-metrics-commission-2018-report/> [Accessed 17 December 2024]
- StatsWales (2024) GCSE entries and results pupils in Year 11 by FSM [Online]. Available at: <https://statswales.gov.wales/Catalogue/Education-and-Skills/Schools-and-Teachers/Examinations-and-Assessments/Key-Stage-4/gcseentriesandresultspupilsyear11by-fsm> [Accessed 17 December 2024]
- StepChange (2024) Postcode lottery causing harrowing outcomes for people facing council tax arrears warns StepChange, as charity calls for urgent reform [Online]. Available at: <https://www.stepchange.org/media-centre/press-releases/council-tax-arrears-report.aspx> [Accessed 12 November 2024]
- Strand, S. (2021) Ethnic, socio-economic and sex inequalities in educational achievement at age 16 [Online]. Available at: <https://www.gov.uk/government/publications/the-report-of-the-commission-on-race-and-ethnic-disparities-supporting-research/ethnic-socio-economic-and-sex-inequalities-in-educational-achievement-at-age-16-by-professor-steve-strand/> [Accessed 17 December 2024]
- Taylor, I. Schmuecker, K. (2023) The dynamics of very deep poverty in the UK [Online]. Available at: <https://jrf-jrht-brand.frontify.com/share/rtiZ7Wvc5BshZ8yvvhz> [Accessed 3 January 2024]

- Thompson, S. Jitendra, A. Woodruff, L. (2023) The caring penalty [Online]. Available at: <https://www.jrf.org.uk/care/the-caring-penalty> [Accessed 17 December 2024]
- Tinson, A. (2020) Living in poverty was bad for your health long before COVID-19 [Online]. Available at: <https://www.health.org.uk/publications/long-reads/living-in-poverty-was-bad-for-your-health-long-before-COVID-19> [Accessed 17 December 2024]
- Trussell (2024) End of year stats [Online]. Available at: <https://www.trussell.org.uk/news-and-research/latest-stats/end-of-year-stats> [Accessed 17 December 2024]
- Turn2Us (2024) Bringing up a child – Free school meals [Online]. Available at: <https://www.turn2us.org.uk/get-support/information-for-your-situation/free-school-meals?/> [Accessed 17 December 2024]
- Villadsen, A. et al. (2023) Clustering of adverse health and educational outcomes in adolescence following early childhood disadvantage: Population-based retrospective UK cohort study, *The Lancet*, 8(4), pp. E286–E293 [Online]. Available at: [https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667\(23\)00029-4/fulltext](https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(23)00029-4/fulltext) [Accessed 17 December 2024]
- Waters, T. Wernham, T. (2023) Housing quality and affordability for lower-income households [Online]. Available at: <https://ifs.org.uk/publications/housing-quality-and-affordability-lower-income-households> [Accessed: 24 October 2024]
- Welsh Government (2019) Achievement and entitlement to free school meals [Online]. Available at: [https://www.gov.wales/achievement-and\[1\]entitlement-free-school-meals](https://www.gov.wales/achievement-and[1]entitlement-free-school-meals) [Accessed 3 January 2025]
- Wood, A. Martindale, N. Burchell, B. (2023) Gig rights and gig wrongs. Initial findings from the Gigs Rights Project: Labour rights, co-determination, collectivism and job quality in the UK gig economy [Online]. Available at: <https://www.bristol.ac.uk/media-library/sites/business-school/documents/Gig%20Rights%20&%20Gig%20Wrongs%20Report.pdf> [Accessed: 24 October 2024]
- Wright, S. Field, S. Moss, C. Frounks, A. Veruete-McKay, L. (2024) Disability Price Tag 2024: Living with the extra cost of disability [Online]. Available at: https://assets-eu-01.kc-usercontent.com/73ea709e-f9f8-0168-3842-ebd7ad1e23ac/4c5e9b5c-3269-4cdd-afd5-48c2efdc5fdf/DisabilityPriceTag2024-LivingwiththeExtraCostofDisability_FINAL.docx [Accessed 17 December 2024]

How to cite this report

If you are using this document in your own writing, our preferred citation is:
Joseph Rowntree Foundation (2025) UK Poverty 2025

The Joseph Rowntree Foundation is an independent social change organisation, working to support and speed up the transition to a more equitable and just future, free from poverty, where people and planet can flourish. This report provides a comprehensive, independent and authoritative overview of UK poverty in 2025, which we hope will make more people want to solve poverty, understand it and take action.

A pdf version of this publication is available from the JRF website www.jrf.org.uk. Further copies of this report, or any other JRF publication, can be obtained from the JRF website www.jrf.org.uk/publications.

All rights reserved. Reproduction of this report by photocopying or electronic means for non-commercial purposes is permitted. Otherwise, no part of this report may be reproduced, adapted, stored in a retrieval system or transmitted by any means, electronic, mechanical, photocopying, or otherwise without the prior written permission of the Joseph Rowntree Foundation.

© Joseph Rowntree Foundation 2025

First published January 2025 by the Joseph Rowntree Foundation

Cover artwork by Holly Leese

Typeset by Pinnacle Graphic Design Ltd

Edited and proofread by Westchester Publishing Services UK, and Ann Crossley for JRF

Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
www.jrf.org.uk